

TUC leaders to seek flexible pay formula

The possibility of a further year of pay restraint will be discussed tomorrow at a meeting of the TUC economic committee. Most members are understood to favour a deal with the Government despite union pressures for big pay rises, but they know that to carry their members any formula must be more flexible than the present phase.

Union view hardening against phase three

By Tim Jones
Labour Reporter

The TUC economic committee will meet tomorrow for the first time since the Budget to discuss the possibility of a further year of pay restraint in cooperation with the Government. The Chancellor's proposals of more tax cuts if wage demands are held back will be examined in detail by the union leaders, who face growing discontent among rank-and-file members over falling living standards.

Although Mr Len Murray, the TUC general secretary, has indicated that the Budget provided a basis for discussion, the union leaders know that to carry their members any agreement must be far more flexible than the present policy.

Pressure for more money is building up from all sides of industry and some Whitehall unions have indicated that they will be seeking big pay rises in the next round.

A survey by the Society of Civil and Public Servants shows that its members would require increases of between 36 and 32 per cent to restore their real incomes to the level of April, 1975.

Although the union is not likely to seek rises of that order, its members are bound to demand amounts that will go some way to restoring lost ground. Members of the biggest Whitehall union, the Civil and Public Servants Association, are to be urged by their executive to reject further voluntary pay restraint and generally motions, for discussion at all union conferences, show a hardening of attitudes against a phase three.

In spite of those pressures, most members of the economic committee favour another deal but they know that it must be "credible" to their members.

Much of the discussion tomorrow is likely to centre on a "orderly" return to free collective bargaining within a further period of voluntary agreement with the Government. There are likely to be strong calls for government action to control prices as part of any deal.

The committee is unlikely to give serious consideration to another flat-rate incomes policy, but some members will demand the institution of a TUC minimum wage level.

An important part of the discussions might be a demand for self-financing incentive schemes to be excluded from any agreement. That would be coupled with far more freedom for union representatives at plant level to negotiate on their priorities, such as differentials or consolidation of the phase one and two supplementary basic pay.

Some union leaders believe that failure to achieve another round would lead to an inflationary cycle that would bring down the Government and harm the trade union movement.

Mr Healey will face his first challenge of persuading rank-and-file members to concede a third phase when he addresses 1,000 delegates at the annual conference of the Union of Shop, Distributive and Allied Workers later this month.

Although the union is traditionally moderate, its general secretary, Lord Allen, of Fallowfield, moved the resolution accepted by last year's TUC for a planned return to collective bargaining from next August as a more flexible form of pay restraint.

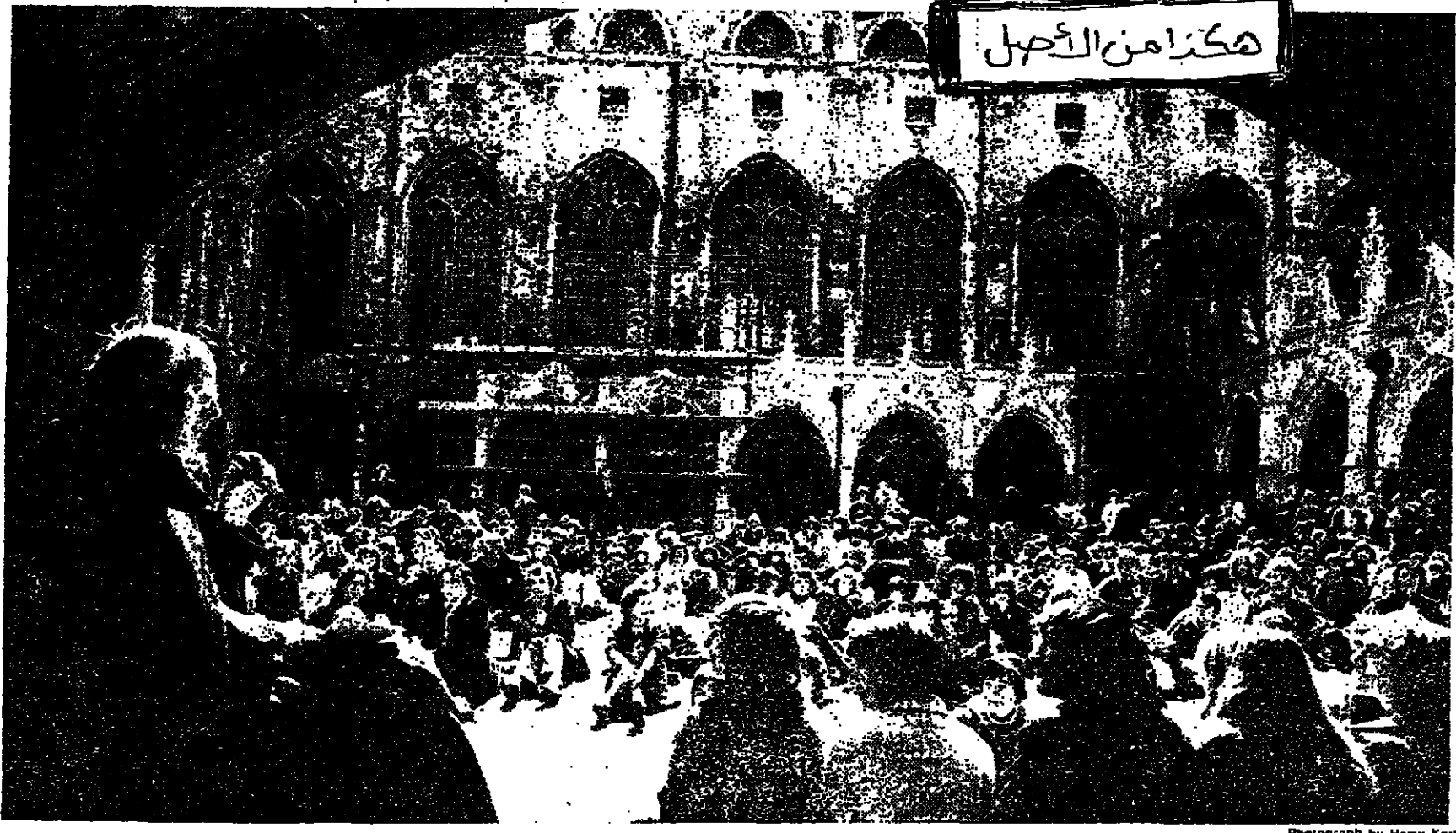
The day after hearing Mr Healey the delegates will discuss their action on pay. The view they take of Mr Healey's address is bound to affect the stand the union takes in the preparation behind the scenes for the talks.

Most of the detailed bargaining over the coming weeks will take place between the Chancellor and senior members of the economic committee. Both sides regard the discussions as private and will not publicize them.

Teachers' decision: The National Union of Teachers, at its annual conference at Eastbourne, decided yesterday not to dissociate itself, as had been proposed, from the social contract, and not to fight for its abandonment by the TUC Education Correspondent writes.

Instead, it adopted a memorandum from its executive supporting a phase three on pay and urging a planned return to free collective bargaining. But its general secretary, Mr Fred Jarvis, said later that it would not support phase three "no matter what". It would want to maintain teachers' living standards.

Mrs Williams accused, page 2



The Archbishop of Canterbury, Dr Coggan, holding a lunchtime question-and-answer session with young people in the cathedral cloisters yesterday as part of the Easter Youth Pilgrimage.

Victims of gunman flown home

A North Yemen presidential aircraft left Heathrow airport, yesterday with the bodies of the three North Yemenis shot dead in London on Sunday. They were: Al-Qadi Abdulla al-Hajri, a former prime minister, his wife, Fatimah, and Abdallah Ali al-Hammami, minister plenipotentiary at the London embassy.

A week's mourning has been declared in North Yemen.

Scotland Yard last night issued a more detailed description and a photograph of the man wanted in connection with the killing.

The gunman, described as of Arab appearance, was said to be between 23 and 26, of slim, athletic build, with a moustache and black, greasy hair and sideburns. He was wearing a black trench coat, black flared trousers and a white shirt with a dark tie.

A theory that he was a professional gunman, is among police lines of inquiry. A link with the international terrorist "Carlos" is not discounted.

A photograph of a man wanted for interview. Another photograph, page 2.

Dr Owen's frank talks at first stop in Africa

From Charles Harrison
Nairobi, April 11

Dr David Owen, the Foreign Secretary, today outlined his ideas on a Rhodesian settlement to President Nyerere of Tanzania and Mr Robert Mugabe, one of the leaders of the Rhodesian Patriotic Front, when he arrived in Dar es Salaam, the first stop on his African tour.

A British official said Dr Owen had been "very frank and direct" with the Rhodesian nationalists, who during the meeting had modified what at first had been a "very sceptical" attitude.

Dr Owen told reporters he was bringing ideas on how to solve the Rhodesia problem, not a blueprint for a solution. Mr Cyrus Vance, the United States Secretary of State, has been consulted about them.

"You'll only achieve a settlement by listening to people and taking account of their views and their experiences", Dr Owen said.

Afterwards, the Patriotic Front said in a statement: "The Patriotic Front remains of the firm opinion that the Zimbabwe (Rhodesian) conflict can be resolved only in the battlefield."

Nicholas Ashford writes from Johannesburg: Mr Ian Smith, the Rhodesian Prime Minister, said today that too much should not be expected from the talks which he is due to hold on Wednesday with Dr Owen.

Speaking in Cape Town after a holiday cruise, he said that not only was Dr Owen new to his job, but he had no practical experience of the Rhodesian problem.

"If people are not prepared to take the most elementary steps of examining the problem where the problem lies, I must have a great deal in going to come out of these talks."

Dr Owen will not be visiting Rhodesia during his current tour of southern Africa. He is due in Cape Town from Mozambique tomorrow night and will see both Mr Smith and Mr Vorster, the South African Prime Minister, the following day.

Asked if he had any proposals to put to Dr Owen, Mr Smith said his Government would hold its hand until it had established whether Britain intended to scrap the Anglo-American agreement negotiated by Dr Henry Kissinger, the former United States Secretary of State, or whether there was a possibility of going back to this agreement.

The South African Government seems to be awaiting Dr Owen's arrival, with caution. Although ministers have been asked by some of Dr Owen's recent remarks, the Government nevertheless remains anxious to see an acceptable settlement reached.

Michael Knipe writes from Salisbury: Mr Smith is expected to press upon Dr Owen the feasibility of a referendum among black Rhodesians to establish who they regard as their leader. He is also expected to urge Dr Owen to visit Salisbury to assess the political and racial climate at first hand.

There has been no sign from the Rhodesian Government that Mr Smith is particularly impressed by Dr Owen's reported plan for attention to be centred on the drafting of a new constitution before detailed talks begin on the setting up of an interim government.

Photograph, page 4

Russian fined £10,000 for fishing offence

From Our Correspondent
Lerwick

The skipper of a Russian trawler was fined £10,000, with the alternative of 90 days' imprisonment, at Lerwick Sheriff Court yesterday. His gear and catch, valued at £4,000, were confiscated and he was detained in custody until the fine was paid.

Onatoly Kremensky, skipper of the trawler Hovan, who admitted fishing without a licence 33 miles inside the British 200-mile limit north-east of Shetland, was given a restricted sentence. Sheriff A. A. Woodcock accepted his explanation that he had received a radio message from the fishery master of the accompanying mother ship telling him he was authorized to take the place of one of the 40 Russian boats that have been licensed to fish within the limit.

Mr Donald McLeay, procurator fiscal, said the Hovan was sighted by HMS Jersey with its gear in the water. Mr Kremensky told the British officers he was authorized to fish in place of a Russian vessel which had a licence, but substitution in that manner was not permitted.

Mr John Matthew, for the skipper, said he was aware of the limitation on the number of Russian boats permitted to fish, but not of the licensing procedure. Mr Matthew produced a radio message from the mother ship which stated that the Hovan was authorized to fish "in the English economic zone".

The new order came into effect on April 1, since when, Mr Matthew said, the skipper had not been back to his home port. The maximum fine for illegal fishing is £50,000 on summary conviction.

Ship arrested, page 4

Decision today on return to work at Heathrow

By Our Labour Reporter

British Airways yesterday operated more than half its usual Bank holiday flights to Europe from Heathrow airport, London, in spite of continued industrial action by maintenance engineers.

Shop stewards are to meet today to decide whether to discuss a possible industry-wide strike with the Government.

The Royal Automobile Club said yesterday that this Easter had been the quietest on the roads for at least a decade (The Press Association reports).

DC9 pilot 'flew unclear into Trident's path'

From Desha Trevisan
Zagreb, April 11

Mr Gradimir Tasic, principal defendant in the trial of eight Yugoslav air traffic controllers charged with causing the worst mid-air collision in history, said in court today that the fatal errors were committed by the controllers of the middle sector and by the pilot of the Yugoslav DC9 involved.

A total of 176 people were killed in the disaster when the Yugoslav aircraft collided in clear skies near Zagreb with a British Airways Trident flying from London to Istanbul at an altitude of 33,000 feet with 54 passengers and nine crew members on board.

The air space over Zagreb is divided into three sectors—lower, middle and upper—and before an aircraft is allowed to pass from one level to another, clearance must be obtained.

Mr Tasic, who at the time of the disaster was in charge of the upper sector, said when the trial opened today that he never gave clearance for the Yugoslav aircraft to climb above 31,000 feet.

Mr Tasic today described the situation in the upper sector of the control room, where single-handed he was handling 11 aircraft because his assistant Mr Tomic was late. Mr Tasic said he did not wish to defend himself but would speak the truth as the truth spoke for him.

The Trident, he said, was cruising at an altitude of 33,000 feet. At the same time the DC9, flying from Split en route to Cologne, had asked for clearance to climb to a higher altitude.

At that time, Mr Tasic said, he was talking to several aircraft and making telephone calls to the Belgrade control centre which under normal circumstances would have been handled by his assistant.

When he realized that the DC9 had climbed above his clearance, he asked for the altitude and warned the Yugoslav pilot that a British Trident was in front of him, coming from left to right. Mr Tasic said the Yugoslav pilot agreed to stay at a safe altitude, but this, it seems, was approaching fatally close to the altitude of the Trident.

However, Mr Tasic said that on his radar screen the altitude of the Trident was 33,500ft. At this point there was a split second to avoid disaster, and he was hoping that the Yugoslav pilot would spot the British aircraft if he was below it.

He then saw the picture on the screen of two aircraft converging and merging into one.

But as immediately after they separated again, he felt the catastrophe was averted and that they were each continuing to their destinations. It was only when the aircraft disappeared from the screen that he realized what must have occurred.

After listening to the tape of the control tower, the inquiry commission had noted that, although he saw the crisis approaching, Mr Tasic had gone on talking to the Yugoslav pilot without betraying any anxiety.

The presiding judge asked today why his voice was calm, and Mr Tasic replied that he was obeying instructions since some controllers were expected not to panic.

The eight controllers are charged with negligence and failure to obey instructions, coming late to work and failure to adhere to the standard terminology in the English language.

'Vietnam' fears over Paris arms links with Zaire

From Paul Martin
Paris, April 11

Fears that France is deeply involved in the conflict between rebel forces and the Zaire Government increased today with the disclosure that a French military team has been in Zaire for some time. The group arrived before France decided to airlift a Moroccan expeditionary force to President Mobutu's aid.

The French experts, whose role has evoked comparisons with Vietnam in some quarters, are said to be engaged in a crash programme to train the Zaire armed forces in the use of new French weapons.

From the moment that it was made known at the weekend that France was providing air transport for Moroccan men and arms, it has been emphasized here that no French military personnel would be involved in the Zaire fighting. It was made clear today that the French experts, who have been reinforced recently, were only on a training mission.

Nevertheless fears of a deeper involvement remain, particularly as it was disclosed that 170 French airmen are taking part in the Rabat-Kinshasa airlift by 10 French Air Force Transall C160s and a DC8 transport which began on Saturday.

The initial reaction to the operation has been surprisingly

Continued on page 4, col 1

Mr Rabin fined £1,000 for currency offence

Mr Yitzhak Rabin, the Israeli Prime Minister, was fined 15,000 Israeli pounds (£1,000) in Tel Aviv for holding an illegal bank account in the United States. His wife will have to stand trial for having actually operated the account. Mr Rabin has announced his resignation over the incident but it was announced that he is legally bound to stay in office until after next month's elections. Page 4

British mothers flock back to work

More British women go back to work after having their children than in any other EEC country, according to a survey of labour forces, conducted in 1975 but not yet published, by the Statistical Office of the European Communities. It shows that about three thirds of British women in their forties and early fifties are economically active. Page 2

Mrs Thatcher visits tense Chinese city

Mrs Margaret Thatcher yesterday visited Hangchow, an industrial city in east China, where some political tension seems to persist after repeated outbreaks of unrest. Officials denied that there had been any violence, but refused to allow British reporters in Mrs Thatcher's party to read wall posters or copies of the local newspaper. Page 4

Ovation for Mr Bevan

Mr Andrew ("Andy") Bevan, youth officer of the Labour Party, was given an ovation by Young Socialists in conference at Blackpool. He said the alternatives ahead were either socialism or barbarism. A motion was passed demanding the average industrial wage for MPs. Page 3

UDA man accused

A member of the Ulster Defence Association, the "loyalist" paramilitary group, has been charged with causing the weekend fire-bomb attacks on shops in Dublin. Page 2

Challenge over pupil

A Cheshire family have won their battle to send their son aged 12 to a grammar school attended by two of his brothers. Mrs Williams, Secretary of State for Education, refused to uphold the local education committee's decision to send him to a comprehensive school. Page 2

Beirut: Guerrillas in Lebanon ignore ceasefire call and fighting intensifies

Beirut: Guerrillas in Lebanon ignore ceasefire call and fighting intensifies. Poland: Exiled intellectuals claim that they have been traduced by a forged letter circulated in the West. Page 5

Spain's 'grave error'

Many Spanish political leaders have welcomed Madrid's decision to legalize the Communist Party after nearly 40 years. There were some voices of dissent, however. Señor Manuel Fraga Iribarne, former Minister of the Interior and leader of the centre-right Popular Alliance described the decision as "a grave political error and a juridical farce". Page 3

Smooth all round

| | | | |
|---------------|--------|---------------|----|
| Home News | 2, 3 | Court | 14 |
| European News | 4, 5 | Sport | 14 |
| Arts | 2 | TV & Radio | 14 |
| Bridge | 2 | Theatres, etc | 14 |
| Business | 15-19 | 25 Years Ago | 14 |
| Chess | 2 | Universities | 14 |
| Church | 14 | Weather | 2 |
| Cricket | 14 | | |
| Diary | 14 | | |
| Engagements | 14 | | |
| Features | 5, 12 | | |
| Letters | 13, 17 | | |
| Obituary | 14 | | |
| Sale Room | 14 | | |

50 Gold
Prize Medals

50 Gold
Prize Medals

Dewar's

FINE SCOTCH WHISKY

"White Label"

26

Smooth
all round.

inner city area that is run down is only a small proportion of the city; it is not all like that," Mr Green said: "But once a reputation has started it tends to be self-perpetuating."

It is by no means only the recent publicity about selected Merseyside troubles that is responsible for what Mr Green argues is the inaccurate image of the region: "It starts in school, I think where children are taught social history of the industrial revolution. The North is dark and dirty, everybody thinks 'see by me' and I think it is all muck and brass."

Then there are the films, the television series and the television plays. "The BBC's *Z Cars* and *The Liver Birds* are a very wrong general image, which is applied to the whole region", Mr Green says.

Specific points become generalized, so that people outside the region think of Merseyside as *as Newton* is portrayed in *Z Cars*, or in the *Liver Birds*, another television series set in Liverpool.

Creating the image is a long process, Mr Green says. It is a question of all the little bits gradually fitting together to create a good impression, just as all the bad little bits are gradually doing to give the bad image.

"I must say that the civil servants I took round were nothing like the image that has been created of the people in Whitehall," Mr Green said.

They must be sensitive to this bureaucratic image and know that it is unfair, just as the image they seemed to have of us was unfair."

OVERSEAS

Threatened split averted in Israel coalition over Mr Peres nomination for premiership

From Moshe Brilliant
Tel Aviv, April 11

The central committee of the left-wing Mapam Party this evening reversed an earlier decision to break its alignment with the ruling Labour Party if it nominates the reportedly hard-line Mr Peres as a candidate for Prime Minister.

Fifty-eight per cent of the Mapam members voted to continue the alignment on a trial basis and to reassess the partnership in six months' time. In February a decision to continue the alignment under the leadership of Mr Yitzhak Rabin, who has now offered his resignation, was supported by 78 per cent. The two parties have maintained their alignment since 1969.

The dovish Mapam members had feared Mr Peres would be willing to make territorial concessions to Jordan which they felt were essential for peace. But Mr Peres appeared before the committee yesterday and said he was bound by the Labour Party platform, adopted in February, which calls for territorial compromise on all fronts.

He also assured the committee that he opposed a coalition including the hard-line Likud Party, and that Jewish settlement in the

occupied West Bank would be limited.

Members of the committee said tonight they valued Mr Peres's assurances but they had been moved by appeals from kibbutz members asking them to close ranks. They also admitted they were influenced by the fact that elections were only five weeks off and they might expose themselves to disaster at the polls if they began organizing at this late hour. Nominations close tomorrow night.

Some losers in today's vote said they would split the party or stay at home on election day.

Meanwhile, the Finance Ministry in Jerusalem announced today that Mr Rabin will be fined 15,000 Israeli pounds (about £1,000) for the violation of currency regulations which caused him to resign. Mrs Leah Rabin, the Prime Minister's wife, who was said to have had \$20,000 (\$12,000) in a bank in the United States, will face trial.

The central committee of the Labour Party which approved the latest candidates for Parliament tonight included Mr Rabin as Number twenty, at his own request. It was the same position he held in the 1973 elections.

Elections in Israel are by proportional representation and Number twenty in the Labour list is a safe place.

Tel Aviv, April 11.—Mr Rabin was ordered today to remain in office until a new government is formed after the elections. He had offered his resignation but Mr Aharon Barak, the Attorney-General ruled that there was no legal way to grant his wish to step down from the premiership before the election.

Legal sources said there had been no recent cases of prison terms being imposed for currency offences of this kind. Mrs Rabin will probably be fined a substantial sum.

The reason Mr Rabin could not resign immediately was, ironically, because he had already resigned in December in a political ploy to oust certain ministers from his cabinet. This made him a caretaker Prime Minister, a position which by law he cannot resign. The law is designed to ensure that Israel is never without a Prime Minister.

The ruling meant that Mr Rabin might remain in office for two months or more, since the task of forming coalition governments usually takes several weeks.—AP.

Leading article, page 13



Dr Owen, the Foreign Secretary, with his wife Debbie, is welcomed to Dar es Salaam, the first stop of his African tour, by Mr Benjamin Mkapa, Tanzania's Foreign Minister.

Tory leader welcomed in city of tension

From David Bonavia
Hangchow, April 11

A degree of political tension evidently persists in Hangchow, an important east China manufacturing city, where Mr Margaret Thatcher arrived today for a one-day visit.

Local officials say that the Hangchow troubles, which culminated in serious rioting two years ago, severely affected production, even of the silks which are the city's main product.

However senior management staff at a silk brocade factory visited by the Conservative Party leader denied that they had seen any violence and refused to let British reporters interview a number of workers. Her party read wall posters or even copies of the local newspaper on stands.

They admitted only that a small number of people had been promoted unjustifiably for political reasons and that a considerable number of workers had been affected by anarchic notions.

Both local officials and Foreign Ministry guides from Peking confirmed that the Hangchow troubles in the mid-1970s were largely based on factionalism.

The officials pinpointed the origin of the Hangchow troubles in 1972 and 1973 when they said, followers of the since disgraced gang of four tried to force a change of leadership against the late Lin Biao and attempted to unseat veteran officials.

In 1975 tension reached the point where people saved or broke off parts of machines to use as weapons in factional fighting but, they said, firearms had not been widely used because the regular armed forces refused to issue ammunition to the people's militia.

Some reports in the surrounding province of Chekiang were killed in the disorders, the officials confirmed, but none in Hangchow itself.

They also asserted that the situation had been brought under control in the mid-1970s by the armed forces which moved into the factories unarmed and persuaded the workers to stop feuding.

The trouble is largely blamed on Mr Wang Shao-shan, a local trade unionist who has since been detained.

In mid-1975 two members of the party Politburo, Mr Chen Yung-kuei and Mr Chi Teng-kuei, travelled to Hangchow from Peking allegedly with instructions to stop the promotion of young radical officials.

Last year there was further political trouble in Hangchow caused by the power conflict which resulted in the dismissal of Mr Teng Shao-shan, a local trade unionist who has since been detained.

The worst affected part of Chekiang province was evidently the town of Wenchow where food supplies ceased arriving from the countryside and a black market sprang up. Last March a new party first secretary for the province was appointed and the situation seems to have calmed down, although the traces of wall posters erased recently from city streets can still be seen.

Mrs Thatcher and her party today visited the brocade factory on arriving by Trident jet from the city of Soochow, where photographs of mass demonstrations against the former senior local official were displayed on the streets.

Mrs Thatcher went boating on the Western Lake after visiting the factory. She leaves tomorrow for Shanghai.

At the factory 6ft-high silk portraits of Chairman Hua Kuo-feng could be seen in production together with the earlier portraits of Chou En-lai, the late Prime Minister. By contrast with Peking, wreaths are still displayed in this city in memory of Chairman Mao and Mr Chou.

'Vietnam' fears over French in Zaire

Continued from page 1

mutated. The only violent opposition came, predictably, from the Communist Party, which declared that France's action was a blow to the African people's "struggle for liberation and social progress". The party addressed a letter of protest to the President.

The decision appears clearly to have been the President's. It has been indicated that King Hassan probably had the promise of the airlift from President Giscard d'Estaing before final plans to send his expeditionary force had been drawn up.

President Giscard d'Estaing is expected to explain the motives behind the French move in a television interview tomorrow night. It has already been made known that he will emphasize that, although no defence treaty governed the airlift, it fell within the sphere of cooperation and friendship between France and both Morocco and Zaire.

Far-fetched though the Vietnam parallels might be, there is no doubt that revelation of the extent and longstanding nature of France's military cooperation with Zaire has surprised most Frenchmen.

An Elysee Palace source said today that among the weapons already supplied to Zaire were 17 Mirage V fighter-bombers, 290 AML light armoured cars and five Puma and Alouette helicopters. Considerably more arms are understood to have been supplied since the threat to President Mobutu's regime first became evident.

As Mr Couve de Murville, General de Gaulle's Prime Minister and Foreign Minister, pointed out today, the French action was political. It was, he said, a demonstration that France is opposed to the subversion that has rocked Africa recently and would be reassuring to her friends on the continent.

Our Washington Correspondent writes: The State Department said today that there had been no prior consultation between France and the United States over the air lift, although Paris had notified Washington of its intentions. A spokesman also stated "categorically" that the Moroccans in Zaire were not using the American weapons with which they are normally equipped.

Tacit agreement to curb nuclear exports

From Fred Emery
Washington, April 11

A report that the seven leading nuclear power "supplier" countries had agreed that there be no further export of fuel reprocessing or enrichment technology but only nuclear "services", is likely to turn out to be true even though no such agreement exists, an authoritative American official explained here today.

Newsweek magazine, reporting further on President Carter's domestic renunciation of commercial plutonium facilities, had stated that the controversial French and German nuclear reprocessing sales respectively to Pakistan and Brazil would be respected.

That is not the Carter Administration's position, the official explained. While there is no objection to the German sales of reactors to Brazil, the Administration still strongly resists both the German and French transfer of reprocessing technology, on the grounds that it spreads weapons technology even further.

Of the seven "suppliers" who have conferred sporadically and so far abortively in London, five—the United States, Canada, Japan, Britain and the Soviet Union—have no intention of exporting enrichment or reprocessing technology and equipment.

France and West Germany are understood to have maintained that they must proceed with their present contracts, but that they will not make any such future sales. Thus the effect of the seven nations' policies will be to oppose further exports, and prefer instead fuel "services" agreements with countries to whom reactors are sold.

The same official, who is intimately involved in the formulation of Mr Carter's new policy and its international implications, suggested that concern on the part of other nuclear suppliers over Mr Carter's new domestic policy was unwarranted.

He conceded that there was an element of "suspicion" in that Mr Carter's policy of renouncing plutonium "by example" could lead to finger-pointing at those who felt unable to renounce it.

But the main point was to ensure that plutonium technology were kept in safe hands, while the suppliers got together to work out far more stringent controls and arrangements for reprocessing of spent nuclear fuels than existed at present.

Difficulties in Russia over financing trade deficits

From Frank Vogt
Washington, April 11

The Soviet Union is encountering increasing difficulties in financing its foreign trade deficits. The size of its deficits may decline somewhat this year and in 1978 while its foreign gold sales may be increased.

A recent study by the United States Central Intelligence Agency (CIA) estimates that the Soviet Union had a \$5,000m (about £2,950m) convertible currency trade deficit last year and it is likely to have a deficit of about \$3,000m to \$4,000m this year, and one of \$2,500m to \$3,500m in 1978.

The CIA notes that the expected further decline in the Soviet Union's foreign trade deficit is substantially worse than the Soviet Union suffers had harvests again. Any increase in the forecast deficits could pose serious financing problems, as the CIA points out that Western commercial banks are increasingly reluctant to continue making large loans to the Soviet Union.

The CIA comments that heavy past foreign borrowing by the Soviet Union is forcing this country now to allocate mounting hard currency sums to debt servicing, and that these sums may well total \$3,000m this year and almost \$4,000m in 1978.

This is essential, because, "although Western bankers still regard the USSR as very credit worthy, Soviet borrowing in 1975-76 brought many major United States and Western European banks close to their lending limits vis-à-vis the USSR".

Because of this, the Soviet Union is believed to be striving to limit new borrowing. The CIA predicts increasing Soviet gold sales, amounting to an average of 25 tons a month this year and 28 tons monthly in 1978. The Soviet Union is estimated to have earned roughly \$1,000m from gold sales in the West in 1976.

Guerrillas ignore Arafat call for ceasefire

Beirut, April 11.—Palestinian guerrillas fiercely attacked rightist forces round the southern Lebanese town of Marjayoun today despite orders by Mr Yasser Arafat, the Palestinian leader, to cease fire.

High-ranking Palestinian sources said Mr Arafat, chairman of the Palestine Liberation Organization (PLO), had instructed the guerrillas last night to stop fighting for rightist-held positions in the sensitive area near the Israeli border.

The order followed talks in Damascus last Saturday between Mr Arafat and President Assad of Syria after the PLO chief toured leftist-Palestinian positions in southern Lebanon.

Despite the order, fresh fighting flared overnight when Palestinian guerrillas and their leftist Lebanese allies increased pressure on rightist-held Marjayoun.

Palestinian officials quoted reports from the battlefield that heavy overnight artillery duels had been followed by close combat beginning at dawn today. Fighting slackened early this afternoon.

The right-wing Phalangist Party radio also reported artillery duels and ground fighting in the triangle formed by Marjayoun and the former rightist strongpoints of Kleya and Khyam, stormed by the leftist-Palestinian alliance last Thursday.

Palestinian sources said that today they used the Palestinian alliance had fought their way into parts of Marjayoun, a hill-top town overlooking the Israeli border. But it was not clear whether they had taken up positions or had withdrawn after hit-and-run attacks.

Mr Arafat's reasons for ordering his troops to stop the fight at a time when they appear to have the upper hand were a matter of speculation.

The Palestinians and their allies captured Khyam and Kleya, on an important road junction further south, in an offensive of such a scale that it could not have been launched without the tacit approval of Syria, observers said.

Syria is providing most of the 30,000 Arab League peace force which ended the 19-month civil war in other parts of the country last November. The Syrians also control one of the two main supply lines to the leftist-Palestinian alliance in the south.

At the time the offensive was launched, Syria had displayed signs of displeasure with some of the more radical rightist leaders in Lebanon, and the Damascus Government was also understood to be embarrassed by the close links between rightist forces and Israel.

Observers said the order to stop the assault had almost certainly been coordinated with Syria. One theory was that Syria had succeeded in teaching a lesson to the right.

Another theory was that Damascus might feel that the capture of Marjayoun could provoke large-scale Israeli retaliation.—Reuter.

Pakistanis urged to withhold taxes

From Richard Wigg
Lahore, April 11

Large anti-government crowds marched through the centre of Lahore tonight shouting demands for fresh elections. They also shouted insults at Mr Bhutto, the Prime Minister.

As the demonstration dispersed the police fired tear gas at youths throwing stones from narrow side streets. When this continued, the police resorted to firing warning shots in the air. But one of these hit and fatally wounded a youth of 20 who was standing on a balcony, eyewitnesses said. Three other people, including a boy of 13, were also hit. All had to be taken to hospital.

The opposition National Alliance intensified its campaign of disobedience after the shootings on Saturday in Lahore, the capital of the Punjab province, in which at least 20 people were killed. It called on the entire country to refuse to pay any more taxes to what it styled a "usurper Government".

The National Alliance of nine parties won only 35 out of the 200 seats in the National Assembly in the general election of March 9. For the past month it has mounted a growing campaign of civil protest against what it alleges was "prelaminated and massive rigging" of the election on the orders of the People's Party Government of Mr Bhutto.

Tonight crowds jeered and booed lorry-loads of police with rifles at the ready. The opposition blames the police for the Saturday "overkill" whether on Government instructions or on their own initiative.

By contrast, when an Army jeep went down the Mall, Lahore's main thoroughfare, its occupants were mobbed and applauded.

The appeal not to pay any taxes also urged Pakistanis working abroad to reduce their remittances home to families to a minimum.

The appeal was decided by the National Alliance's general council meeting here under Nawabzada Nasrullah Khan, its acting president. Most of the Alliance's other leaders are in prison and their MPs have refused to take their seats in the National Assembly.

By appealing for a tax boycott the Opposition has chosen a difficult terrain in its trial of strength with the Government.

The Nawabzada sounded determined that the protest movement would go on when he visited him today. Sitting on a bed and sucking every now and again from a richly decorated hookah, the elderly opposition politician clearly chose to interpret the public protest wave against the shootings as endorsement of his group's political aims.

He denied that the Opposition was refusing Mr Bhutto's offer of a dialogue as a way out of the impasse. He was adamant on the Opposition's main demand to hold a fresh election.

Although that is clearly difficult for Mr Bhutto to concede, the Nawabzada also wants him to step down and make way for some neutral administration to prepare the election.

Only on the ways and means of setting up that administration, so as to avoid a power vacuum, did he give the impression of being willing to negotiate.

Orth Rawalpindi Correspondent writes: A fresh wave of disorder swept Karachi today. Security forces opened fire on mobs attacking banks and Peoples Party offices and two persons were reported to have been killed and many others injured. A strike brought normal life in the city to a virtual standstill.

A new and ominous development occurred today in Karachi when workers of Mr Bhutto's Peoples Party clashed with Pathan labourers in Sher Shah Park colony. People on both sides were said to have suffered serious injuries.

According to opposition sources 39 people were killed by security forces at Lahore on Saturday's rioting. The reports have heightened passions in Rawalpindi and despite extra security measures there were demonstrations here today.

In brief

Rebel chief says yes to autonomy
Jiddah, Saudi Arabia, April 11.—Mr Nur Misuari, the Filipino Muslim rebel leader, living in exile in Libya, has accepted a plan for a Muslim-dominated autonomous provisional government in the southern Philippines.

The plan was recently worked out by President Marcos and Colonel Gaddafi, the Libyan leader. Mr Misuari is attending the conference of Islamic states here.

Cuban memorial
Miami, Florida, April 11.—The 200 Americans who are helping to gather Cuba's sugar cane harvest or are involved in construction work on the island, will build a monument to the Cuban soldiers killed in the Angola war.

Chemical warfare ban
Geneva, April 11.—After secret Soviet-American talks here last week, the two countries are to prepare a draft text of an agreement on the banning of chemical warfare.

Cult men found shot
New York, April 11.—Four men belonging to the Rastafarian religious cult were found in a Brooklyn flat yesterday shot dead through the head, with their hands tied behind their backs.

Symphonic debut
Moscow, April 11.—Elgar's Second Symphony was given its first performance in the Soviet Union here today in a concert by the Soviet State Symphony Orchestra to mark the composer's 120th anniversary.

Defence chiefs meet
Belgrade, April 11.—Mr Mulley, Secretary of State for Defence, had talks here today with his Yugoslav counterpart, General Nikola Ljubichic.

Princess engaged
Amman, April 11.—Princess Aila, King Hussein's daughter, who is 21, will become engaged tomorrow to Mr Wasfi Mirza, a former Jordanian security officer, aged 26.

Polish father's plea
Warsaw, April 11.—The father of a Polish worker jailed for his part in the foot price riots last June, has appealed to President Carter to intercede for his son's release.

Washington visitor
Washington, April 11.—President Carlos Andrés Pérez of Venezuela, will visit Washington on June 29 and 30.

Indian Government seeks support among states

From Our Correspondent
Delhi, April 11

Janata, India's new ruling party, today started a state government in Gujarat after the collapse of the Congress Party majority. The state went to the polls a few months before the imposition of a state of emergency in June, 1975, and the opposition parties were returned with a majority. Later defections, however, allowed the Congress Party to form the government.

After the overthrow of Mrs Indira Gandhi, the Congress Party Prime Minister, however, resignations from her party have reinstated the opposition parties under the cloak of Janata as the ruling party in Gujarat.

The Janata victory has more than local significance; Mr Desai's central government is faced with an existing Congress Party majority in the Rajya Sabha (Upper House).

It needs to carry its national victory into the state assemblies that nominate members of the Upper House to establish its ascendancy there and prevent obstruction to its programmes.

Last week the new government tried to restore the period for state elections to once every five years, rescinding an amendment changing them to once every six years.

This would mean elections would have to be held in about three-quarters of India's states before next August, giving Janata a chance to pursue its electoral advantage.

Janata is particularly eager to establish control of upper house before the election of a new President.

If more states follow the example of Gujarat and change their administrative units by uniting the Opposition and by withdrawing away Congress Party majorities, including Congress members to cross the floor, Janata can entrench its constitutional position. If this does not happen the Congress Party may be forced into dropping outright opposition and entering into some sort of agreement.

It has also been suggested that it is possible to challenge the A.C.J., among other things, extend the life of Parliament and state assemblies from five to six years. It is argued that this changed the basic structure of the Constitution, which Parliament had no right to do.

Japanese flights to Vietnam approved

Tokyo, April 11.—Vietnam has agreed to allow Japan to fly tourists by charter aircraft between the two countries. All Nippon Airways said today. The flights will be to Hanoi or Ho Chi Minh City, formerly Saigon.—Reuter.

Ethiopia alleges attacks by Sudanese Army

Addis Ababa, April 11.—Ethiopia protested to the Organisation of African Unity (OAU) today that Sudanese forces had attacked border towns in the north and west of the country, an official spokesman said.

The complaint was lodged by Mr Feleke Gedle-Ghiorgis, the Foreign Minister, at a meeting with Mr William Ezekiel Mubomou, the OAU secretary-general.

The spokesman gave no details of the alleged aggression by Sudanese forces.

Secessionist guerrillas in the northern province of Eritrea have been reporting successes against Ethiopian troops in recent days. But there has been no previous report from officials here of any direct involvement by Sudanese forces.

Relations between Ethiopia and Sudan have deteriorated since last July when President Nimeiry of Sudan accused Ethiopia of aiding his opponents in an attempted coup.

Since then Sudan has been openly supporting the Eritrean guerrillas and covertly giving help to a former royalist group fighting the Addis Ababa Government in the north-west.—Reuter and AP.

Second Soviet fishing ship arrested by US

From Our Own Correspondent
Washington, April 11

A second Soviet fisheries ship has been ordered into Boston so that a cargo of illegally-caught herring can be confiscated, the State Department confirmed today.

The fish had been loaded on to the Amatas, Snachuk, a refrigeration ship, from the trawler Taras Shevchenko, which was arrested yesterday. It was escorted into Boston today by the United States Coast Guard.

A State Department spokesman insisted the incidents "are not regarded as a joint to American-Soviet relations" by the Carter Administration.

He said the Russians "substantially" the new fishing law. Soviet diplomats were being called in to the department this afternoon for consultation with Mr Warren Christopher, the Deputy Secretary of State.

The arrests have been greeted jubilantly by the fishing industry. One of its most outspoken Congressional supporters, Mr Gerry Studds, of Massachusetts, joked as the Taras Shevchenko was escorted into Boston that it would "make a great museum in New Bedford", the home of the defunct American whaling industry.

Soviet seamen waved to spectators on the pier and the commander of the Coast Guard cutter together with her crew said: "It's a thrill and an honour to be the first Coast Guard vessel to seize a foreign fishing vessel."

According to Mr Hoddling Carter, the State Department spokesman, the refrigeration ship was carrying 50 tons of river herring illegally caught by the trawler. He said that under the new licensing requirements the Taras Shevchenko should not have taken more than seven and a half tons.

The Russians had allegedly recorded all these violations in their log books. Mr Carter said they had no excuse for ignorance of the new law's requirements. Both the Russian and American Governments had made their requirements clear. The trawler was primarily fishing for hake, and its river herring catch should have amounted to no more than one per cent of the total.

He said he did not know which charges "civil or criminal or both" would be brought against the vessel and its master.

TEHRAN

DAILY

09.55

NON-STOP

From May 1st, we'll have non-stop flights to Tehran, right through the week.

Leaving Heathrow at a highly convenient 09.55. Arriving in Tehran in time for dinner.

And all with the comfort of a 747.

Ask your travel agent about our non-stop flights, or any of our eighteen flights a week to Tehran.

IRAN AIR

The world's fastest growing airline.

Tory leader
welcomed
in city of
tension

How to stop the government machine running out of control

One of the main planks in the Lib-Lab pact is that "progress must be made on legislation for devolution and to this end consultations will begin on the detailed memorandum submitted by the Liberal Party." These consultations will have little chance of success unless there is a clear recognition on all sides of the purposes of devolution. Here there appear to be two choices. To some people devolution is simply a dangerous expedient with the government has adopted in an attempt to appease the Scottish and Welsh nationalists. To others, devolution is the essential ingredient in a long overdue reform of our system of government as a whole.

It is largely because the government's proposals seem to be inspired primarily by the appeasement objective that they have run into such trouble. And it is parsimonious appeasement at that. So the amount of devolution appears to have been calculated on the basis of the minimum necessary to thwart the Scottish Nationalist Party and Plaid Cymru—rather than on considerations of the good government of the United Kingdom as a whole. Hence so many of the imperfections in the Bill which have become abundantly clear since Christmas. Hence, too, the very real fears in some English regions that this appeasement approach will be at their expense. And, hence, finally, the disagreement about whether it is necessary to go down the appeasement road at all—with many honestly believing that the Scottish and Welsh demand for devolution will subside with the end of firm government and the return to economic prosperity.

But the essence of the case for devolution is nothing at all to do with appeasing the Scottish and Welsh nationalists. As Professor Peacock and myself argued in our Constitution Commission Minority Report the main purpose of devolution is to reduce the present excessive burdens on the institutions of central government. So great are those burdens today that busy ministers, hurried from pillar to post with the very real crises of the moment, whether the problems of British Leyland or the Plessey closures—no longer have the time to take well thought out decisions about the major issues of our time. And Parliament, with its powers in decline (as from an exceptional and negative assertion every now and again—possibly only in a minority of circumstances), shrivels about helplessly and vainly at the receiving end of a mass of decisions it has had little share in shaping and inadequate time to scrutinize.

This state of affairs is the inevitable consequence of the vastly increased responsibilities and functions which have been piled on our central government machine since the beginning of the century. In 1900 the role of government was mainly passive and regulatory. Today, we expect it to manage the economy, control most of our basic industries, run a comprehensive social security system and a national health service, protect the environment, make the right decisions about the future

nuclear power programme, develop North Sea oil and handle any immediate crisis whether it's about the deportation of a couple of visitors or about cattle stranded over the weekend in a ship in the Irish Sea.

Not surprisingly, there has been an enormous expansion in the central government machine. In 1900 60 ministers and 50,000 civil servants ran our domestic affairs. Today the number of ministers has just about doubled—while the number of civil servants has increased 15 fold—to 750,000. No wonder then, the burden on ministers and Parliament is now intolerable. No wonder the whole machine is in danger of seizing up completely. No wonder we are so badly governed—whatever party seeks to try to run the central juggernaut.

These developments of the last three-quarters of a century have been compounded in the last few years by our membership of the European Community. The constant ministerial meetings in Brussels and the toings and froings between Whitehall bureaucrats and their EEC counterparts have increased still further the enormous burden on ministers and Parliament. So the fact has to be faced that without a major reform of our system of government as a whole the central government machine is in danger of grinding to a halt or running out of democratic control (whichever the preferred metaphor might be).

The case for devolution, then, is to reduce the present intolerable burdens on Whitehall and Westminster in the interests of the good government of the United Kingdom as a whole. So ministers and central government must get rid of a lot of the executive decision-making and subordinate policy making that now prevents them from devoting enough time and energy to major policy making. And if the burdens on central government are reduced in this way—it will then be possible for Parliament to develop a real and positive share in the central policy making process.

It is in principle, then, that the case for devolution has to be judged. And here it must be plainly recognized that in their present form those proposals will not clear the decks of Whitehall and Westminster. Indeed the Scotland and Wales Bill, as it stands, could add still further to the burdens on central government. This is partly because the Bill fails to make a clean break between what is devolved and what is not devolved. It is also partly because the Bill appears to envisage a continuous and detailed oversight by the United Kingdom Government of the Scottish and Welsh assemblies which carry out even those responsibilities that are devolved. So the scheme envisages a substantial increase in bureaucracy—which is not at all what we want. In any event, with devolution to Scotland and Wales only (and with a great kind of devolution in each case) the Government will inevitably be faced



Lord Crowther-Hunt argues that devolution is a chance to reform our whole system of government

by the complex problem of having one dimension of legislative and administrative responsibility for the affairs of Scotland, a different dimension of responsibility for the affairs of Wales—and a still different dimension of responsibility for England. That must, in itself, add to the burdens of the centre, rather than reduce them.

It would be wrong, however, to draw the conclusion from all this that the government's present plans should be completely abandoned. Those plans can still be modified in such a way that they make a major contribution to what is the real purpose of devolution—a major reduction in the burdens on Whitehall and Westminster in the interests of the good government of the United Kingdom as a whole.

The options for progress then, are still there, but what are they? In some quarters there will be an evident temptation to believe that the log jam in Whitehall and Westminster can be greatly relieved by a major reduction in what the Government actually does—less interference by Government in our daily lives. It is a tempting prospect, but, I believe, an impractical one. It is not just a question of saving a few civil servants here and there by more efficient administration. It would involve major surgery. It would mean identifying a substantial number of the current major functions and responsibilities of government which could be jettisoned virtually completely.

Where are the candidates? No doubt we can all point to something that could be abandoned—from the government's community land policies to the nationalization of the aircraft and shipbuilding industries. But until someone can demonstrate which of the current major responsibilities of central government can be so jettisoned that the Civil Service can be reduced by the order of 50 per cent and the present burdens on ministers and Parliament more than halved, I don't believe there is any substantial mileage in this particular approach. Moreover, the proponents of this solution would also have to demonstrate how, without any major change in our system of government, we can ensure a drastic reduction in the volume of legislation—which, under governments of both our main political parties, has steadily increased from filing 1,076 pages of the statute book in 1955 to 2,248 pages in the last full year of Mr Heath's Conservative Government.

There is a second widely canvassed option which also seems to me a non-starter. This is the Conservative scheme for having a directly elected assembly in Scotland to deal with certain stages of Scottish Bills as they pass through the Westminster Parliament—with the final decision being taken by the Westminster Parliament and Government. This scheme would obviously produce constant clashes between the Scottish assembly and the Westminster Government whenever the one had a different party majority from the other. Just consider, for example, the

situation that would inevitably arise if, say, a United Kingdom Conservative Government brought forward a Conservative Housing Bill for Scotland. It would be turned into a Socialist one by a Labour-dominated Scottish assembly—which the Conservative-dominated Westminster Parliament would then presumably reject. That way—deadlock and cumulative frustration. More serious, though, a scheme of this kind would not produce any reduction in the United Kingdom Government's responsibilities for Scotland—whether those responsibilities were exercised by United Kingdom ministers in London or by United Kingdom ministers running the Scottish Office. So it simply would not begin to achieve the main purpose for which devolution is designed.

This, of course, brings us to the heart of the matter—since the only options worth serious consideration are those which would clear the decks of Whitehall and Westminster of much of the clutter of subordinate policy-making and executive decision-making which today so impedes the rational handling of our affairs. By this test there are obvious attractions in the traditional federalist approach (which, incidentally, the Commission on the Constitution has seriously considered notwithstanding its root and branch condemnation of it). Clearly it would be possible to devise a workable federal scheme for the United Kingdom as a whole provided the component parts were Scotland, Wales and a number of English regions. But I'm not sure that we are prepared to contemplate in this country a situation in which real sovereignty for education, housing, health, etc. is handed over to Scotland, Wales and the different regions of England which would then be able to pass whatever primary legislation they wanted in those fields.

Do we really want the possibility of basically different education systems and health services in different parts of the United Kingdom? And if the various regions and nations of the United Kingdom did not use their sovereignty in these fields to produce very different primary laws—then either there would have been no point in giving them that amount of power—or new bureaucratic structures for inter-regional coordination and liaison would have been developed to ensure that the different parts of the United Kingdom did not exercise their sovereign powers in unacceptably divergent ways—and I'm not sure we want that sort of bureaucratic paradise.

The more fundamental case, though, against "traditional" federalism is that it no longer meets the essential needs of modern government. This is because its very essence is the increasingly outmoded concept of sovereignty. The idea that the component parts of a federal state can actually expect today to exercise real sovereign power in certain specified fields like education and health has only to be stated for its unreality and undesirability to be recognized. It is even more unreal for those countries which are members of the EEC. For them in particular it

makes little sense to seek to devolve sovereignty downwards from the nation state to the component parts of that state when ultimate sovereignty in most matters is gradually moving from the nation states themselves to Brussels.

It is in this context that we have so much to learn from the experience of West Germany—a country with a population roughly the size of our own. Though in theory a traditional federal structure it has gradually, under the impact of events, become something rather different. To all intents and purposes the Federal Government in Bonn increasingly makes major policy for the whole of West Germany in most fields—leaving it to the various Länder in effect to adapt those policies to their own special needs and to administer them accordingly. It's this broad reality of the West German system which, I believe, should be the model for devolution in the United Kingdom. And the Government's Scotland and Wales Bill can be the starting point—subject to three main provisions.

First, the Bill must be modified in such a way that there is a much clearer and more comprehensive definition of the precise powers to be devolved to Scotland and Wales. And those legislative and executive powers must be devolved in such a way that their exercise is not subject to detailed control and oversight by the Westminster Government.

Secondly, financial arrangements must be devised which, while still enabling the Westminster Government to exercise its responsibilities for the overall management of the United Kingdom economy, will, nevertheless, not circumscribe the Scottish and Welsh governments in the exercise of the powers constitutionally devolved to them. This is not as difficult as the Treasury would have us believe; and it naturally means giving the Scottish and Welsh governments the power to tax.

Thirdly, the Government must make it clear that something analogous to an amended Welsh model of devolution will eventually be available to the English regions. This will be some assurance that devolution to Scotland and Wales will not be at the long term expense of the people in the northern region, the north west region and Yorkshire and Humberside, for example. More important, though, it will be a recognition that the main purpose of devolution is to reduce the burdens on Whitehall and Westminster in the interests of the good government of the United Kingdom as a whole and thus enable United Kingdom ministers and Parliament to develop a cooperative and sensible approach to major policy making which is impossible at present.

And if all this sounds suspiciously like a reassertion of the main ideas which Professor Peacock and myself put forward in our Constitution Commission Minority Report in 1973—well, it is. There we put forward a comprehensive blueprint for the future of our system of government as a whole—including, even, the reform of the House of Lords. It's all very relevant to the Lib-Lab talks now getting under way.

OVERSEAS

Forgery to discredit Polish opposition

By Richard Davy

A letter published recently in the West German right-wing newspaper *Deutsche National Zeitung* looks like the latest in a series of forgeries designed to discredit and disrupt opposition forces in Poland.

It bears the signatures of Professor Leszek Kolakowski, now resident in Britain, and Mr Adam Michnik, a Polish historian now visiting the West. Both have been speaking in West Europe on behalf of the Workers' Defence Committee, which was formed in Warsaw last year to help workers who suffered reprisals after the June demonstration against higher food prices.

The letter thanks Germans who have helped the committee and singles out for special mention the *Deutsche National Zeitung*, *Radio Free Europe*, and the organizations of expellees from former German territories.

Polish newspapers are quoting the letter as evidence that the committee has joined forces with "the heirs of Hitler's Third Reich," with extreme revisionist and anti-Polish organizations of Germans resettled from Poland, all of whom are "marching together to the destruction of the Munich-based Radio Free Europe."

Professor Kolakowski and Mr Michnik, who learnt only belatedly about the letter, have denounced it as a "total forgery." They draw attention to the press conference they gave in West Germany on March 17 in which they thanked "those in the German Federal Republic who in the past have fought for the recognition of the Polish western frontiers and for an understanding between our peoples."

The forgery, say the two men in a letter to *Der Spiegel*, is not an isolated episode but it is the first in which the forgers have allowed themselves to be dragged into cooperation with

the "chauvinist and anti-Polish circles of the German right wing who question the permanency of the Polish state."

There is no direct evidence that the letter was forged by the Polish police, or some other official department, but it fits in with the recent revival in the Polish press of anti-German propaganda, which almost wholly vanished after the treaty with West Germany was signed in 1970.

It also accords with a trend throughout Eastern Europe and in the Soviet Union to allege links between dissident groups and various Western political or intelligence organizations.

In Poland itself there have been a number of forgeries in recent months. At least two forged communiques purporting to come from the Workers' Defence Committee have been circulated. One of them said that the committee had been infiltrated, that members should not trust each other, and that any further communiques should be treated as forgeries.

A falsified text of a press conference given in London by Professor Kolakowski and Mr Michnik was sent to Poland. Even Cardinal Wyszyński, the Polish Primate, has not been spared the publication of a falsified version of his sermons. But in this case the official Polish press agency published his denial.

The Workers' Defence Committee has put out more information pointing to increased pressure on its members and supporters. Workers who complained about ill-treatment after the demonstrations in Radom last year have been harassed, threatened and told to withdraw their complaints, according to the committee.

Warsaw University has announced disciplinary action against student signatories of a letter, signed altogether by about 750 people and requesting Parliament to investigate allegations of police brutality.

Pathet Lao force recaptures Mekong islands

Bangkok, April 11.—Pathet Lao troops recaptured two small islands in the Mekong river from rightist rebel troops today, killing at least eight of them, according to official information circulated in Vietnam.

Loudspeaker cars toured the Laotian capital broadcasting the news to the people, eyewitnesses told a correspondent by telephone.

The recapture of the islands followed 24 hours of tension in Vietnam during which the communist rulers of Laos stationed at least three tanks on the Mekong river bank facing Thailand.—Reuters.

British arms sales ship slips into Manila

Manila, April 11.—A Royal Navy ship, carrying an exhibition promoting British arms sales, slipped quietly into the Philippines this weekend on the latest stage of its Far East tour.

A British embassy official confirmed that the 12,359-ton support ship, *Yankee*, had arrived in Manila.

Sources said the weapons being promoted are understood to include ground-to-air missiles and Scorpion tanks.

The *Yankee* is due to visit Bangkok, Singapore, Jakarta and Port Kelang in Malaysia after leaving the Philippines.—Reuters.

IMPORTANT: BRITISH AIRWAYS FLIGHT INFORMATION

We very much regret the inconvenience to our passengers that has arisen from the industrial dispute at London Airport and are grateful for their understanding at this time.

The majority of British Airways services are now operating normally, but we regret that it is still necessary to cancel a number of flights. We hope that passengers will find the following information helpful.

INTERCONTINENTAL FLIGHTS

Nearly all British Airways intercontinental services are operating according to the published timetable. However, a small number of cancellations has been made and any passengers affected will be advised prior to departure.

EUROPEAN FLIGHTS

We are operating to all countries other than Eastern Europe, details as follows.

Flights are operating normally to:—

Alicante
Amsterdam
Athens
Barcelona
Bilbao

Bordeaux
Brussels
Gibraltar
Helsinki
Istanbul

Larnaca
Lisbon
Luxembourg
Malaga
Malta

Marseille
Nice
Oporto
Oslo
Palma

Paris
Stockholm
Tel Aviv
Valencia
Vienna

We are also operating to all the following destinations, but since it has been necessary to change some flights, passengers should check with 01-370 5411, 01-828 9711 or 01-759 3131.

Berlin
Bremen
Cologne
Copenhagen
Corfu

Cork
Dublin
Dusseldorf
Faro
Frankfurt

Geneva
Hamburg
Hanover
Lyons
Madrid

Milan
Munich
Pisa
Rome
Shannon

Stuttgart
Turin
Zurich

Services from Provincial Centres

All international flights from provincial centres are operating normally.

DOMESTIC FLIGHTS

Services from London

Channel Islands flights are operating via coach to Southampton. All other flights cancelled until further notice.

Services between Provincial Centres

The majority of these flights are operating normally.

Whilst we shall make every effort to operate these schedules, it may be necessary to make some alterations for operational reasons.

**British
airways**

We'll take more care of you.

SPORT

Football

Hypocritical Norwich have no thought for entertainment

By Norman Fox
Football Correspondent

West Ham Utd 1 Norwich City 0

At Upton Park the atmosphere still suggests that accidents only happen to other people and that West Ham will escape relegation through sympathy rather than determination. Yesterday, they deserved the sympathy, for although they played unconvincedly they were faced with a depressingly defensive Norwich team who were without a thought for entertainment, as if they were the ones in danger.

Norwich like to believe that defensive football is something employed only by people who play against them. As recently as last Saturday they complained that Ipswich would not let them play to one side of the pitch, to employ 4-4-2 only with reluctance — perhaps against Liverpool at Anfield. Such a formation with its aggression of ideas when used against West Ham, who had conceded 55 goals so far this season, was nothing less than hypocritical. West Ham strike fear into no one in their difficult times. Their goalkeeper, Day, is suffering from a persistent attack of nerves, acting as if he were a batsman after successive ducks, and it seemed obvious that Peters, well known to the Upton Park crowd for his shrewd analysis of weaknesses, would exploit this by floating high centres to tantalise Day's fumbling fingers. The first half was not accepted until well into the second half. Indeed, as soon as West Ham's few on-form players approached the Norwich defence, they were met by a wall of the first half left only Boyer and Reeves upheld.

Brooking is one of the few at West Ham unaffected by the threat of relegation. He remains elegantly aloof from the tension, yet is busily involved in attempts

Roker Park miracle is now a genuine prospect

By Keith Macklin
Sunderland 2 Manchester Utd 1

Faced with Manchester United's lively skills on the field and the threat of barbarian hordes on the rampage, Sunderland's players felt the dilemma of gladiators in ancient Rome. Caught between the end of an afternoon of acute tension, Sunderland were able to breathe in relief. After winning two precious points, they were undisturbed and the police reporting no arrests and householders finding their windows intact.

It was an afternoon of large significance at Roker Park, where Sunderland's win made it a total of 18 points from their last 13 matches and gave them another fingerhold on first division safety.

The game gave us 20 minutes of tremendous excitement — in which all three goals were scored — and then from the penalty spot — and then 70 minutes of scrappy, jittery football from Sunderland and sunderland. Sunderland made the sort of start that their supporters have come to expect at Roker Park. Holden sent Bolton down the left, and low centre was only partly by Arnett, who was hurt, and Steppert thumped the loose ball into the net.

United equalized when McCree, a little wasp of an Irishman, ran 30 yards into the penalty area where Elliott's tackle toppled him. Holden hit the penalty high and true but, within minutes, Mr. Backett awarded a gleefully accepted penalty at the other end when Holden was sandwiched between Nicholson and Bannister. Towers, returning to the team after being replaced by the bright

Liverpool stray off course after remarkable miss

By Tom German
Stoke 0 Liverpool 0

A precious point was swept away from Liverpool in their pursuit of the championship at Stoke yesterday. Liverpool were more accurate to suggest that they preserved a point for it was Stoke City who looked more likely winners in the opening five minutes, they set themselves to score, they set themselves to score, they set themselves to score.

Yet all looked promising for Liverpool at the outset. Without calling on too much pace or effort, they set themselves to score, they set themselves to score, they set themselves to score.

Keegan, of all people, spurred the simplest challenge of the afternoon. Kennedy's free kick from the left was touched on by Smith and Keegan, who were in the right hand post, got a foot to the ball when he might have scooped the ball up and over the bar. It was a remarkable miss from only a matter of yards and Stoke could count themselves fortunate, too, when Keegan directed a ball parallel to the goal line with neither friend nor foe able to reach it.

Perhaps they were portents of what was to come, for slowly, Liverpool's game lost its order and



Macdonald forces his way past Osgood before scoring Arsenal's goal.

Brady the man of the hour as destiny again stalks Spurs

By Norman de Mesquita
Tottenham 0 Arsenal 1

In 84 previous encounters between north London rivals have only once failed to score, least one goal between them. For an hour at White Hart Lane yesterday we could have been forgiven for thinking that it would be another 84 before a goal would come. It was a shapely match, with Arsenal seemingly reluctant to move at full speed and Tottenham not good enough to dictate matters.

Then, on the hour, Brady replaced Rix, and a transformation came over Arsenal. This is not to belittle the efforts of Rix, a young midfielder player of immense promise; but with Hudson playing deeper than ever and just not getting involved when it mattered most, the home side needed a goal to give them the confidence to play their unimagined build-up. Brady proved himself the man of the hour, within 10 minutes of his appearance, he had set up Macdonald for the only goal of the game.

There was an element of luck about the way in which Brady got the ball, but there was nothing lucky about his first-time lobbed pass which sent Macdonald on one of his typical bursts through the middle. In spite of the attention of two Tottenham defenders he

Luton lost in a desert of frustration

By Geoffrey Green
Luton 0 Orient 0

The goalless draw at Kenilworth Road yesterday afternoon was even more bleak than the score-line itself. Orient clearly came to Luton with one aim in mind — to force a draw — and they did what they wanted. But it was the sort of performance that drives people away from the terraces and, though Luton stayed in the top, it was all uninspired, dreary, one-way traffic which never reached a destination.

Luton drew four themselves this Easter with a London connection. On Saturday they lost at Chelsea. Yesterday it was Orient. Tonight will be the turn for Millwall to arrive. So far Luton, who must still consider themselves fighting for a promotion place, have scarcely harmed a single one of their great run of five wins. Their great run which brought them 25 points out of 26 — 12 wins and one draw — from last year's season has been over. They must hope to rekindle a spark over the remaining weeks.

It was one of those matches easily forgotten. With a lively ball swirling in the cold wind, a

Wolves let down by extraordinary lapses

By Arthur Osman
Wolverhampton Wanderers 2 Wolves County 2

Wolverhampton Wanderers, with two acts of folly that seemed to be increasingly characteristic of their game as promotion draws nearer, were sharply punished by Wolves County in a match which was a contest with one instead of two points that seemed likely at one stage. It was their second successive game where they had been drawn and failed to break clear at the top.

It was a game of no great distinction with a good deal that was influenced by rivalry and bad luck. Despite that County were worth their point which puts them equal third with their rivals across the Trent, so at least, Nottingham should see a decline in a few weeks of some intensity. It was County's third game in four days and they had only lost once in their last 13.

Yet at one stage when Wolverhampton scored two in two minutes it seemed that the sturdy defence that was stretched but not broken, they had failed to allow however for the extraordinary lapses of concentration that seemed to beset Wolverhampton

at such times and sure enough they were exactly on cue when they produced a situation to try any of the patience let alone that of the notoriously reticent and ungenerous supporters at Molineux.

The aspect of Wolverhampton's game ebbed and flowed through an opening 25 minutes that promised much but foundered in the face of Needham and Stubbs in particular. County produced little to excite but they did break clear at the top. Stubbs, by that time, was manningly close and not a touch to Richards' shot which was fractionally diverted, hit a post and ended in the net.

But the reaction at the other end was positively uncanny and immediate as Wolverhampton fell into bouts of untidy woolly play which County were quick to ex-

One goal is enough to keep Ipswich in the lead

Ipswich T 1 Birmingham C 0

Ipswich collected their third win in a week but each of them has been by the odd goal and very unconvincing. Without Beattie, hurt in a domestic accident and Macfarlane, Ipswich never really produced the class of champions though to win without two of their better players said something for their reserve strength.

It was one of these deputies who grabbed the all important goal. Seretse, Marner's 20-year-old stand-in, instinctively lashed at a ball set up by Clive Woods in the 12th minute, and Birmingham knew nothing about it until the 25-year-old Seretse was lying snuggly in the net.

The leading placings in the first division are:

| | P | W | D | L | F | A | Pts |
|--------------|----|----|----|---|----|----|-----|
| Ipswich | 36 | 21 | 7 | 8 | 62 | 33 | 49 |
| Liverpool | 35 | 20 | 8 | 7 | 55 | 29 | 48 |
| Manchester C | 35 | 17 | 12 | 6 | 48 | 27 | 42 |
| Newcastle | 35 | 13 | 13 | 7 | 36 | 33 | 40 |
| Manchester U | 33 | 16 | 8 | 9 | 40 | 40 | 40 |

QPR 1 Coventry 1

Queens Park Rangers had to pay heavily for their one point in the relegation battle against Coventry at Wembley.

Their first team injury list grew even longer when Leach was taken to hospital with a suspected fractured collarbone following a sharp Dugdale challenge on the half hour. And Thomas had a recurrence of a right thigh strain in the seventh minute. This kept him out of several matches recently.

Mason scored Rangers' goal from the penalty spot in the 32nd minute. Dugdale and Roberts had sandwiched Easton. Despite playing with only 10 men for the last hour Rangers were really thwarted from victory by a late goal from the 19-year-old debutant Les Sealey. He saved well from Givens and Webb.

Wallace snatched Coventry's equalising goal in the 60th minute from a Yorath cross. On this showing Coventry could fill one of the bottom three places.

Later it was reported that Leach was suffering from concussion and a suspected fractured cheekbone, and would be confined to hospital overnight. The Rangers manager, Dave Sexton, said after the game: "McIntosh, Clement and Francis could not handle our match at Middlesbrough on Saturday."

Flanagan scores three as Chelsea wilt

Charlton 4, Chelsea 0

Chelsea's promotion hopes took a severe blow yesterday as they lost 4-0 to Charlton at the Valley. Where Charlton outplayed and outpaced them to earn a conclusive victory. Outstanding in Charlton's best performance of the season was Michael Flanagan, who scored three goals in the thirty-second, forty-third and sixty-second minutes.

His first goal, his seventeenth of the season, was the fifteenth league goal of his career. In between Flanagan's goals, Charlton scored a brace in the thirty-fifth minute. The nearest Chelsea came to scoring was late in the game when the last of the crossbar netted only for a colleague to be ruled offside. The attendance of 25,757 was Charlton's best league gate of the season.

Fulham 2 Plymouth 0

Fulham continued their Easter march to second division safety with a good win over their fellow strugglers Plymouth Argyle at Craven Cottage. Fulham took control after Mitchell had given them a lead in the first half. With Storey, Moore and Best in great form, Fulham dominated the game and the points for Fulham. He brilliantly weaved his way down to the by-line, screwing the ball back for Maybank to cut in from close range.

Southampton 3 Cardiff 2

Southampton made it a six-point Easter with their third win in four days, although Cardiff, threatened by relegation, fought back strongly. Macdonald put Southampton in front with a header in the 11th minute and Channon struck twice with headers after 52 and 62 minutes to give the home side a comfortable two-goal advantage.

Today's football

Kick-off 7.30 unless stated

| FIRST DIVISION | |
|--------------------------------|--------------------------------|
| Bristol C v Tottenham | Leicester v Derby County |
| Stoke v Leeds Utd | |
| SECOND DIVISION | |
| Barnley v Bolton | Carlisle v Oldham |
| Hull v Blackburn | Luton v Millwall |
| Sheffield Utd v Blackpool | |
| THIRD DIVISION | |
| Brighton v Reading (7.45) | C Palace v Swindon (7.45) |
| Mansfield v Shrewsbury | Oxford v Walsall |
| Peterborough v Northampton | Rotherham v Sheffield W (7.15) |
| Tranmere v Chesterfield | York v Wrexham |
| FOURTH DIVISION | |
| Aldershot v Watford | Brentford v Exeter |
| Darlington v Rochdale | Doncaster v Halifax |
| Huddersfield v Cambridge (3.0) | Newport v Bournemouth |
| Southport v Scanthorpe | Swansea v Southend |
| SCOTTISH FIRST DIVISION | |
| Dundee v Clydebank | |
| SCOTTISH SECOND DIVISION | |
| Queen's Park v Alloa | |

Watson withstands expert's challenge

From Peter Ryde
Golf Correspondent
Augusta, Georgia, April 11

The 1977 United States Masters was won here yesterday by Tom Watson, but the challenge to his victory which is due to be shown on BBC television tomorrow evening, was made by Jack Nicklaus. Once before, in 1973, Nicklaus had finished round of 66 only to lose to Aaron. This year his final challenge to Watson was made by Watson himself.

The man on whom certain elements of the press are trying to tie the label of "choker" because he failed to win the United States Open at Winged Foot three years ago, was the victor in the lead slip in the final round of the Masters. Watson, who has been called "the man who can't win" because he has won the tournament only once, was the only one of the four who had won the tournament before.

Watson is not in the usual category of golfers who are green with envy. He is a man of a degree not business management or physical training, but a good psychology. He described his feelings after victory as euphoric and it is perhaps this intangible barrier between him and the majority that has kept him from winning the image up to now.

Now that he has won here that image should become much clearer and he will be able to play in the British Open but also intends to play at Sandwich in the PGA championship, and of course the Ryder Cup. Watson's autumn — a forecast he can confidently make since he has now drawn even further ahead as leading money winner for this year.

Leading scores

| | Hole | Yds | Par |
|----------------|------|-----|-----|
| 1. Watson | 70 | 69 | 70 |
| 2. Nicklaus | 70 | 70 | 70 |
| 3. Seaver | 70 | 71 | 70 |
| 4. Aronson | 70 | 72 | 70 |
| 5. G. Aronson | 70 | 73 | 70 |
| 6. G. Aronson | 70 | 74 | 70 |
| 7. G. Aronson | 70 | 75 | 70 |
| 8. G. Aronson | 70 | 76 | 70 |
| 9. G. Aronson | 70 | 77 | 70 |
| 10. G. Aronson | 70 | 78 | 70 |

Card of course

| Hole | Yds | Par |
|------|-----|-----|
| 1 | 255 | 5 |
| 2 | 360 | 4 |
| 3 | 420 | 3 |
| 4 | 480 | 4 |
| 5 | 540 | 5 |
| 6 | 600 | 4 |
| 7 | 660 | 5 |
| 8 | 720 | 4 |
| 9 | 780 | 5 |
| 10 | 840 | 4 |

Out 3,510 36 In 3,520 36

Hockey Festival robbed of spirit by absence of characters

By Sydney Friskin

Bankers, keeping strictly to custom, played only four matches over the weekend. The spirit of the festival was robbed of spirit by absence of characters.

The first game, between the two teams, was a dull affair. The second game, between the two teams, was a dull affair.

The third game, between the two teams, was a dull affair. The fourth game, between the two teams, was a dull affair.

The fifth game, between the two teams, was a dull affair. The sixth game, between the two teams, was a dull affair.

The seventh game, between the two teams, was a dull affair. The eighth game, between the two teams, was a dull affair.

The ninth game, between the two teams, was a dull affair. The tenth game, between the two teams, was a dull affair.

The eleventh game, between the two teams, was a dull affair. The twelfth game, between the two teams, was a dull affair.

The thirteenth game, between the two teams, was a dull affair. The fourteenth game, between the two teams, was a dull affair.

The fifteenth game, between the two teams, was a dull affair. The sixteenth game, between the two teams, was a dull affair.

The seventeenth game, between the two teams, was a dull affair. The eighteenth game, between the two teams, was a dull affair.

The nineteenth game, between the two teams, was a dull affair. The twentieth game, between the two teams, was a dull affair.

| First division | |
|-------------------------|------|
| Arsenal (1) | 47.2 |
| Liverpool (2) | 47.2 |
| Manchester C (3) | 47.2 |
| Manchester U (4) | 47.2 |
| Newcastle (5) | 47.2 |
| Ipswich (6) | 47.2 |
| Queens Park Rangers (7) | 47.2 |
| Sheff Wed (8) | 47.2 |
| Sheff Utd (9) | 47.2 |
| Stoke (10) | 47.2 |
| Sunderland (11) | 47.2 |
| Tottenham (12) | 47.2 |
| Wolves (13) | 47.2 |
| Wolverhampton (14) | 47.2 |
| Wrexham (15) | 47.2 |
| York (16) | 47.2 |
| York City (17) | 47.2 |
| York Utd (18) | 47.2 |
| York Utd (19) | 47.2 |
| York Utd (20) | 47.2 |

| Second division | |
|-----------------|------|
| Blackburn (1) | 47.2 |
| Barnley (2) | 47.2 |
| Barnsley (3) | 47.2 |
| Barnsley (4) | 47.2 |
| Barnsley (5) | 47.2 |
| Barnsley (6) | 47.2 |
| Barnsley (7) | 47.2 |
| Barnsley (8) | 47.2 |
| Barnsley (9) | 47.2 |
| Barnsley (10) | 47.2 |
| Barnsley (11) | 47.2 |
| Barnsley (12) | 47.2 |
| Barnsley (13) | 47.2 |
| Barnsley (14) | 47.2 |
| Barnsley (15) | 47.2 |
| Barnsley (16) | 47.2 |
| Barnsley (17) | 47.2 |
| Barnsley (18) | 47.2 |
| Barnsley (19) | 47.2 |
| Barnsley (20) | 47.2 |

| Third division | |
|----------------|------|
| Barnsley (1) | 47.2 |
| Barnsley (2) | 47.2 |
| Barnsley (3) | 47.2 |
| Barnsley (4) | 47.2 |
| Barnsley (5) | 47.2 |
| Barnsley (6) | 47.2 |
| Barnsley (7) | 47.2 |
| Barnsley (8) | 47.2 |
| Barnsley (9) | 47.2 |
| Barnsley (10) | 47.2 |
| Barnsley (11) | 47.2 |
| Barnsley (12) | 47.2 |
| Barnsley (13) | 47.2 |
| Barnsley (14) | 47.2 |
| Barnsley (15) | 47.2 |
| Barnsley (16) | 47.2 |
| Barnsley (17) | 47.2 |
| Barnsley (18) | 47.2 |
| Barnsley (19) | 47.2 |
| Barnsley (20) | 47.2 |

| Fourth division | |
|-----------------|------|
| Barnsley (1) | 47.2 |
| Barnsley (2) | 47.2 |
| Barnsley (3) | 47.2 |
| Barnsley (4) | 47.2 |
| Barnsley (5) | 47.2 |
| Barnsley (6) | 47.2 |
| Barnsley (7) | 47.2 |
| Barnsley (8) | 47.2 |
| Barnsley (9) | 47.2 |
| Barnsley (10) | 47.2 |
| Barnsley (11) | 47.2 |
| Barnsley (12) | 47.2 |
| Barnsley (13) | 47.2 |
| Barnsley (14) | 47.2 |
| Barnsley (15) | 47.2 |
| Barnsley (16) | 47.2 |
| Barnsley (17) | 47.2 |
| Barnsley (18) | 47.2 |
| Barnsley (19) | 47.2 |
| Barnsley (20) | 47.2 |

Scottish second division

After the riots in France over Italian wine, more trouble is brewing

Why the alarm bells are ringing over an ever-larger EEC

The prospect of Greek, Portuguese and Spanish membership in the EEC has set alarm bells ringing in France and Italy. Two people were killed in France last year in disturbances provoked by the "wine war" with Italy.

Feelings are rising again among the farmers of the Mezzogiorno and the Midi who fear that wine, olive oil, peaches, oranges and tobacco from the candidate countries will ruin their precarious livelihood.

The Centre National des Jeunes Agriculteurs has submitted a report to the French Government strongly opposing the admission of Spain to the European Community. Italian farmers are putting similar pressures on the Andreotti Government. Yet article 237 of the Treaty of Rome guarantees the right of any European country to apply for membership.

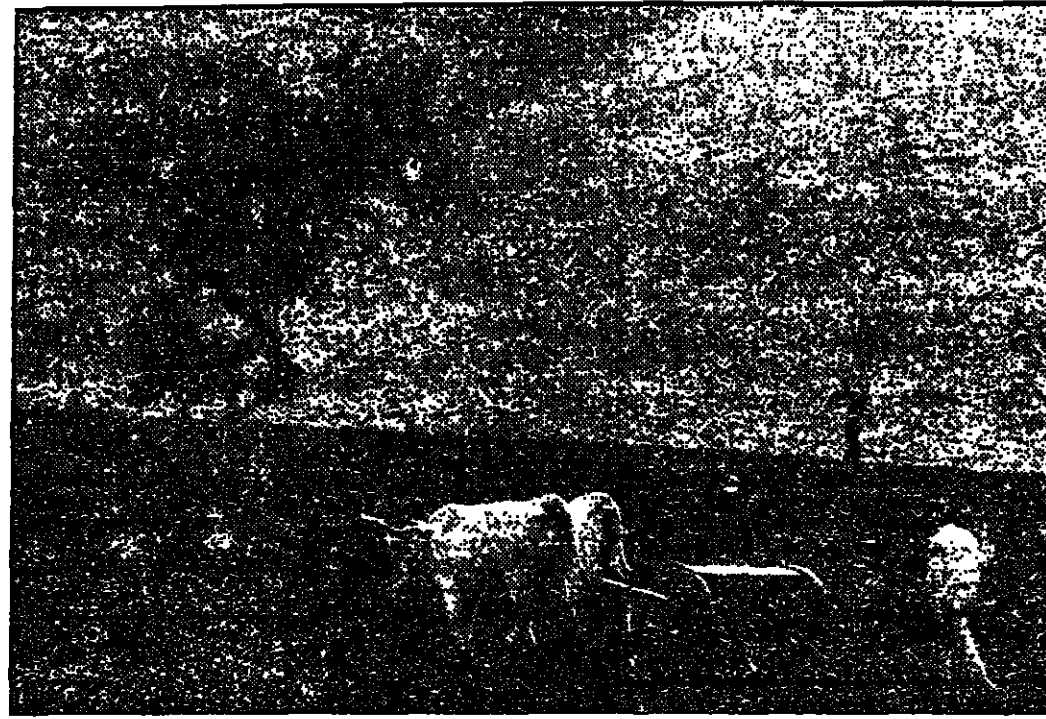
Spain's adoption of democratic institutions will remove the last obstacle to her application. The fragile coalition ruling in Paris and Rome are caught between their Treaty commitment to negotiate with the candidate countries and their need to appease domestic interests.

A series of 'sell-outs'

The problem is nothing new to Italian farmers who view it as the culmination of a series of "sell-outs". To them the Common Agricultural Policy (CAP) is a device for bolstering the incomes of northern European producers of temperate food stuffs while neglecting Mediterranean agriculture.

Italian consumers pay more for imported butter, cheese, cereals, veal and beef while Italian producers receive little for their wine, rice, vegetables, flowers, tobacco, olive oil, oranges and lemons.

Italian farmers also complain that Community concessions to Spain, Greece, Turkey, Cyprus,



Farming the old way in Italy. But changes must come.

Morocco, Tunisia and Israel are responsible for the decline in Italian sales on European markets. A Sicilian EEC official said sadly that his wife could not find a single Italian tomato orange on sale in Brussels.

Last year, Italy pressed the European Commission to undertake a thorough review of Mediterranean agriculture with the implication that this was a precondition for Italian consent to a further enlargement of the Community. Former Commissioner Alisio Spirelli asked that the review be as comprehensive as possible. The resulting document, an unpublished study known as the Pizzuti Report, after the Italian chairman of the working group which drew it up, gives less comfort to the Italians than they might have hoped.

With few exceptions, tariff concessions were not found to

be the decisive factor in the penetration of Community markets by Italy's Mediterranean competitors. In the case of citrus fruits, for example, Sicily and Calabria, which account for 90 per cent of Community production, have suffered a steady decline in their share of EEC markets, to the benefit of Spain. But Spain enjoyed less generous tariff concessions than Morocco or Tunisia and still outperformed them in penetrating European markets.

Spain forfeited her tariff preferences for long periods (a month in 1970, four months in 1972, two months in 1973) with little effect on her exports.

Preferences were automatically cancelled when Spanish prices fell below the Community's "conventional" price.

Spain's success is attributed to her dynamic marketing and distribution system rather than to Community concessions. By contrast, 82 per cent of the farms growing citrus in the Italian south are less than five hectares in size and only 20 per cent of their products are marketed through cooperatives.

Overall fruit and vegetable exports from the Mezzogiorno declined from 12.9 million quintals (1 quintal=100 kilograms) in 1968 to 8.8 million quintals in 1973. Meanwhile the better organized producers in central and northern Italy greatly increased their share in national exports.

This suggests that the Mezzogiorno's poor performance is less a result of Community preferences to outsiders than of its own structural deficiencies. Tarocco blood oranges are delicious, but Danes, Germans

and Britons do not expect their orange juice to look like a Bloody Mary. The Spaniards and Israelis, who still face considerable barriers to trade, adjust their sales to consumer preferences. But the Italians have yet to make the changes in production, distribution and marketing which will allow them to cater to foreign tastes.

In the case of Greece, Community concessions clearly have made a difference. The terms of her 1961 accession agreement with the EEC were unusually favourable, enabling Greece to make large inroads into specific markets. For example, Greece increased her share of the EEC tomato paste market from 2 per cent to 34 per cent between 1966 and 1973.

Her exports of processed fruit and vegetable products to the six increased eleven-fold (by value) between 1964 and 1972 while other Mediterranean countries increased their exports only three-fold. Concessions also helped Greece increase her exports of lemons, table grapes, apricots, melons, tobacco and wine, all products of vital interest to France and Italy.

Greece was able to make remarkable progress despite the freeing of part of her association agreement under the colonels' regime.

The cost of farm reform

Tariff concessions alone are not a balm for Italy's declining position in certain products markets. But French and Italian farmers argue persuasively that the Community may be destroyed unless a further enlargement is accompanied by radical changes in the CAP.

The most short-sighted way of "compensating" French and Italian Mediterranean farmers would be to establish marketing regimes for their products such as those which now guarantee the livelihood of northern farmers. Since most

Mediterranean products are perishable, goods bought into intervention would have to be destroyed on a vast scale, with devastating psychological consequences, especially in consumer-oriented countries like Britain. Stockable products like olive oil would accumulate in new lakes and mountains.

The only constructive form of "compensation" would be in the area of structural reform: irrigation, retraining, consolidation of landholdings, improvement in the quality and reduction in the quantity of wine and, perhaps, a partial switch into non-Mediterranean type products.

But structural reform threatens social dislocations, brings intangible benefits in the short term and requires the national government to devise feasible schemes and to implement them. The Italian record is not promising.

The Mezzogiorno already has an excess farm labour force of 500,000 and reform might well exacerbate unemployment. At the end of the day there is no guarantee that Herr Helmut Schmidt will be able or willing to deliver Germany's vital share of the cost of farm reform.

Italy favours a "global" negotiation with all three candidates in order to tie up enlargement and "compensation" in a single package. France's position is more guarded, mainly because its scepticism about Portugal's readiness for membership. Both agreed, however, that the main challenge comes neither from Greece nor from Portugal but from Spain's "virtually unlimited" agricultural potential.

Michael Leigh and Johann Wilhelm Scheidt

Dr Michael Leigh is Assistant Professor of International Relations at The Johns Hopkins University, Baltimore, Maryland. Johann Wilhelm Scheidt is his research assistant.

After Mrs Gandhi: will laughter come back to India now?

Gandhi, bless his soul, chuckled a good deal. Nehru had a sustained streak of mischief until, two years before his death, the Chinese border operation knocked the gaiety out of him.

His successor, Shastri, had a coarse peasant talent for translating global concepts into pure corn. For example: he never spoke of the atom bomb, it was always bomb-galla, or candy-floss bomb.

The most crucial aspect of Mrs Gandhi's 11 years of rule was the slow erosion of laughter from a country where even a despotism court was graced by a jester, and the peasant in his parched field is still sustained by a grotesque joke or two.

It is said that she talked of the old guard Congress leaders as a bunch of "jokers", and though Parliament was packed with too many comedians. So, literally, the jokers were kicked out, and Parliament all but closed.

Garibi hatao, eradicate poverty. Roti, kapda, nakar, bread, clothing, shelter. Secularism. With deadly earnestness she set to organize campaigns which ignored the fundamental indolence, the inherent good nature and softness of rural India. And, in Delhi, the slightest evidence of happiness suggested a secret passion. It had to be probed.

Government by dossier searched for weaknesses of all the good things of the flesh that kept spirits high. Because the training had to run on time, Mrs Gandhi, cool architect of the breakaway of Pakistan, superwoman who possessed the makings of the nuclear bomb, herself gripped by war psychosis, put the country on a permanent war footing. It was of course means police, CID, and spies.

India's department of laughter, we offered the black comedy of a man in uniform, any kind of uniform, brandishing a big stick, grinning greedily, and saying, "therah kataga", "I'll cut you". They are used to the big stick, or demand. They are also used to being deprived of privacy, constantly spied upon. But when private parts (as Indians call the sex organs) are to be forcibly tampered with, then it's better to die fighting.

Jayaprakash Narayan, India's most authentic living Gandhian, correctly seized the mood of the people, and articulated their feelings. He said it was time to think of armed resistance.

I was a shishya (disciple) of the socialist triumvirate which (as we affectionately knew him) led in 1947, which organized the Quit India movement after the Congress leaders were arrested in 1942, and which went underground to sabotage the British war effort. It never meant any violence to anyone.

JP was in his vibrant mid-thirties, with not the slightest intention then of ending the best period of his marriage in jail or of challenging Nehru for power. The dialogues were mostly about reconciling Hinduism with Marxism; Gandhiism with socialist materialism; spiritual austerity with worldly pleasures.

It was a tragic accident that one of the socialist triumvirate, Yusuf Meherally, died before Independence; and the other, Ashoka Mehta, was already preparing to join Nehru's government. The romantic, idealistic force in Indian politics was left to JP alone, who became a close adherent of Vinobha Bhave's land-for-the landless voluntary movement.

Intellectual, dreamer, wandering sage, JP is obsessed with a saintliness geared to our time, and of our time.

Mrs Gandhi's imposition of the Emergency was not so much of an authoritarianism as an opportunism. She declared

that power was her responsibility. Her critics agreed that in the Black Revolution responsibility was lowly maintained: she loved it more dearly than JP, who spoke of violence.

Her spies came out into the open (which spies should never do), and wielded the danda all the way.

JP has spent most of his past 20 years wrestling with the contradictory impulses of his people, reading what I would call the "body language" of Hinduism into the Marx contradictions in Indian politics. The best example was Gandhi, shrewd guess that India could not be mobilized to fight standing up: we are a horizontal people, with the supreme gift of laziness. Hence the danda, down in front of the train, he on the roads, he down in jail.

Certainly when JP spoke of violence he spoke from his faith in India's innate, romantic resistance to violent change. Mrs Gandhi mocked the press and made the media her mouthpiece. JP, who has walked his India from one end to the other, knows that oral communication is still the most powerful force in the rural areas. Certainly, there is a Hindu-Gandhi revival in the way the opposition to Mrs Gandhi was mobilized in the 19 months of the Emergency.

Her humiliating election defeat is a result of overall. She commanded a blunt only an opportunist politician could lose contact with her home base. In almost the same way as Mr Bhutto in Pakistan has lost contact with his home province, the Sindh, Mrs Gandhi defeated herself in the northern Uttar Pradesh. And yet Uttar Pradesh remains the centre of power in the new electoral map: all 85 seats to the Opposition.

But the Hinduism of the north is now even stronger, allying itself with affluent Gujarat on the one hand, and the "peasant" and "poor" Gandhian theses of the massive untouchable vote.

Mrs Gandhi will have to establish herself in the southern Congress belt—but the Nehrus have traditionally despised, used and discarded the south Indian.

JP, bringing together the unapproachable leader, Jagjivan Ram, and the orthodox Gujjarati, Morarji Desai, has gone this way, alone, like Gandhi, to elevate himself to serious politics. He is now, he claims, a "peasant" and "poor" morality with public good. He has a quiet sense of humour, and can tolerate good-natured ribbing, even in the press, but he can be, God help us, blinded by his paternalism.

Indians do not turn in past: it has sought it in it. The re-discovery of India would have to be based on a Hindu renaissance. But it would have to be an authentic Hinduism, which knows that the spirit of man is in the theatre of a dialogue between his body and the eternal non-body.

It is the Hinduism which finds wisdom in the Gita and pleasure in the erotic poetry of the Gita Govinda. Hindus who will not renew themselves now could be a pain in the neck—like that other orthodox, the utterly preposterous Marxists.

It starts off well, this new Hinduism—with a sumptuous buffet stock of foodgrains, and \$3,000m in foreign exchange, the worst of the Nehru inheritance vividly played out; a mass of people who live in so open; and who seemed to have voted not out of fear but for the romance in the Hindu condition.

Victor Anand

Scaring all the birdies with my magic wand

I bet you'll never guess where this is being typed. Indeed, I am so astonished at my surroundings that I would be hard put to it to guess myself. But I shall give you all some clues, and perhaps we can work it out together.

To start with, from the picture-window of my room I can see the sea. Those of you who are familiar with my sense-of-direction problem will not expect me to know what sea it is, and the best I can do by way of description—eumorous, grey, cold-looking, crimpling with white edges—is probably not enough to be of much help. My instinct tells me that it is the Atlantic, but I also have an uneasy recollection that when I last saw the Atlantic it was the other side of the country, so this may well be the North Sea.

More to the point, however, is what I overlook before my eye falls on the waves. It is a huge expanse of beautifully-tended greensward, liberally supplied with miniature hills and valleys, streams, sand-holes, bushes and trees. It looks agreeably wild; more exactly, it

looks as though it is meant to look agreeably wild.

Amid this sylvan scene, figures are to be described; they appear to be taking part in some strange ritual, doubtless with a deep religious basis. They walk, apparently without plan or purpose, from spot to spot, carrying what must be cult implements—strange rods, kept in a kind of quiver. From time to time they remove one of these magic wands from its holder, and with it address themselves to striking a small white object, evidently sacred. Often they miss; they then engage in a curious ritual dance with a stamping motion, at the same time uttering vigorous and most colourful expressions, clearly audible to me, in my eerie high above their proceedings, even through the double glazing. To my over-sophisticated western eyes, the entire ceremony appears to be pointless; but perhaps these people, whom we ignorantly call savages, have a knowledge and understanding of nature and its mysteries that we have lost.

I think that should be enough for us to go on; in case

it isn't I should add that on the way here the road-signs kept urging me towards the Tay Bridge ("O beautiful bridge over the Silver Tay"). The truth is, I am in St Andrews, home of the Royal and Ancient, and what I see before me is indeed sacred soil, at any rate to golfers, for over this very stretch of ground were fought those legendary battles between such giants of the game as Billy Cotton, Jost Logan and Merilyn Rees. (I may have got this bit wrong, but it's the principle of the thing that counts, I always say.)

I am, as you may by now have surmised, no golfer, and you may well wonder what I am doing (I shall not enlighten you to a place which appears to be not so much above their gold as raving mad on the subject). The restaurants and hotels are all called things like "The Four Woods", "The Niblick" and "The Scores" (I am staying in "The Old Course" myself), there are at least 53 bars called "The Nineteenth", and a quick check with the Chamber of Commerce reveals that well over 80 per cent of the shops in the town, most of them called Tom Auchterlonie and Son, sell equipment, clothing and other material relevant to the game.

I played a round of golf once, in much the same spirit as that which leads other, almost equally intrepid, journalists to partake of cannibal feasts or visit the widely but discreetly

advertised Soho establishment of Miss Whitley-Rodley ("Sister disciplinarian") in the interests of yet another fearless exposure of vice for one of the less expensive Sunday newspapers. (It was Christopher Ward who, parodying these features, ended with the immortal words, "I made an excuse and stayed.")

It happened many years ago, when I was a political correspondent; the duties of the office included going each year to the conferences of the three main parties and the TUC. (One of these days I shall publish my recollections of this period in my life, or rather threaten to, whereupon I shall be paid such immense sums in cash or kind that I shall be able to retire immediately. There was, for instance, a famous mayor of—but I digress.) One year, at Blackpool, the Labour Party, which was conferring there, went into secret session on the Wednesday afternoon, to discuss finance. The press being excluded, each of us sought to spend the time productively; with the ability—hallmark of the true dominion—so impart knowledge and enthusiasm simultaneously, while never seeming to impose authority. If, for instance, I complained that I was cold, he would scream, "I don't give a s--- if you are cold", and when, from time to time, I inquired whether I was holding the club correctly, or standing at the proper angle, he would bellow, "For God's sake

shut up and just hit the bloody thing."

On one occasion, I recall, I did hit the bloody thing. My ball had come to rest more or less in the middle of the fairway, and on an upward slope; I was thus under the necessity of sending the ball over a hill without knowing what lay on the other side of it. By some extraordinary chance, I connected with the ball first swing, and a mighty crack I caught it. Hastening to the brow of the hill amid the ironic cheers of my fellow-players, I saw immediately on the other side of it, a delightful pond, into which my ball had irrevocably vanished.

It was a long afternoon, to be sure. Even before the experience I had been more or less convinced that golf should be considered as one of the three essential tools of the game: the other two being stamp-collecting and, of course, ballet; and by the end of it I was quite certain. My biographer should note that I went round in 282 strokes and ruined a perfectly good pair of suede shoes. As for Mr Ffitch, he should note that he is going to figure prominently in those candid memoirs of which I have spoken, and would be well advised to send the money now. By telegraphed money order, to "Golfers, St Andrews". © Times Newspapers Ltd 1977

The Times Diary

Sticking pins into a best-seller

seeking to say it's hogwash." Nobody, said Haley, had previously questioned the book's basic authenticity. The fact that Ottaway has done so partly on abstract points of detail, and partly on the grounds that Haley's version, does not, in the author's view, lessen the harm done.

"He has put on it a mark of doubt. That's what matters," he said. "People won't remember what the specifics are, but they'll remember that it has been questioned. I've just been on a radio show (Start the Week) and none of the people who discussed it with me knew what the article had said. They just knew it raised questions."

"It was written by an opportunist who wanted to find a big splash exposé story for the front page and he was determined to get it. And now I have to spend all my time talking about him when there's so much more about Roots to talk about."

Ottaway denies premeditation. He explained to me yesterday that he went to Cambodia on a free trip, primarily to write about tourism. It needed, he says, only brief inquiries there to show up grave flaws in Haley's method of research.

Most of what there is to say about the book—which will be published here next week—has been said and reported extensively in America already. Both black and white Americans have found it a revealing exposition of an important part of



Haley yesterday: "It's hurtful."

their history. I asked Haley what significance he thought it might have for people in Britain.

"The story of black people in England is the same but it's a step removed," he replied. "They went to the Caribbean in slave ships instead of going to America. And now their descendants have come here to England."

He took me over to a table where he has a large blown-up photograph of a page of ship's

records which he unearthed from the Public Records Office. A discussion of whether he found it in the PRO or at Lloyd's of London forms part of the attempt in *The Sunday Times* to discredit the book. Ottaway establishes that he did not find it at Lloyd's, but that he did find it in the book, claiming to have done so. The important point is that the record itself is either genuine, or an elaborate and unlikely fake.

The page records the departure of the ship, the *Lord Ligonier*, carrying 140 slaves to Antigua, Maryland. This is the ship on which Haley believes his ancestor, Kunta Kinte, was carried. On the same page are records of many other ships carrying slaves to the Caribbean.

He has another blown-up photo of a page of records from Antigua which show the arrival of the ship, with 98 slaves surviving. And on that page are also recorded the arrival of ships carrying white convicts from England and Ireland.

"This is history," said Haley, gesturing towards the pages. "This is where Americans came from and it's been obscured. We hear a lot about the Pilgrim Fathers but not about these."

The material rewards of his 12-year research and writing will not be affected by attempts to cast doubt on its validity. "I know I am a millionaire," he said. "My accountant told me that. But I don't know exactly how much I've made. I'm really not that interested in money. I guess you can say that after you have it."

He is unenthusiastic, too, about some of the other consequences of his success. "I haven't written a line since *Roots* was published," he said. "Something happens when this

sudden fame comes. Suddenly you don't have any life any more. People ask you to do interviews and to lecture and they're people you don't want to let down."

In illustration of this, his phone was ringing throughout our interview. He explained to callers that he was only in London for three days and was in "an x hours in the day situation."

"Everyone has an urgent reason why you must talk to him," he said. "You feel you want to go somewhere and put walls up all round you and write. I'm a writer; I don't want to become a professional talk-show guest. The price of being well known is too great. In London, I'm going to pack it in. Then the phone rang again."

Hoary

Tony Benn needs some new scripts. On his visit to Washington last week he was telling the same story he told a year ago, although it remains factually misleading.

The story is how British officials had advised against issuing a stamp to mark the American Bicentennial year, on the grounds that it would offend many Britons by honouring a military revolt against the crown. In fact a stamp was issued despite any such advice, though for Benn to have revealed that would have spoiled his story. The moral he drew was that "200 years is a short time in politics."

Preggers

Justus Serious, my court correspondent, has secured an exclusive interview with Lady Ffons Ffodock, a woman of great importance at the house party where

Princess Anne revealed her pregnancy. Serious: Lady Ffons, when did you get your first tinking?

Lady F: It was when she arrived and told us she wouldn't be taking part in the three-day event we'd organized for her and Mark. "Doctor's orders," she said. "I'm a touch preggers, you know. That was when we guessed. I've not been so surprised at anything since Daddy won the Ladies' invitation race at the Old Surrey and Chiddingfold points-to-point. Of course, she's not pregnant, except for Charles and Leona and Sarah and that polite young man from the *Daily Express*. Mum was the word in more senses than one, if you get my meaning."

Serious: And how did Mark react? Lady F: Oh, he was splendid. In magnificent form. No restraining him. It was apple-pie beds for all of us that night, and I don't think we have to look far to discover who put the rubber mouse in among the kidneys at the breakfast buffet. He says that if it's a girl they'll put her down right away for the 1996 Olympics. And he was good with the press. Didn't say a word. Just smiled nonchalantly, climbed into his Range Rover and roared away. It was pure bad luck that it was in reverse gear at the time and he winged a couple of gamekeepers, but not too badly.

Margaret Thatcher's name in its official Chinese translation seems to represent her hopes—and those of the Chinese Government—for what she will do to the Labour Party. The Chinese characters chosen mean "scatter and slice".

PHS

Take action now to provide School Fees

The sooner you act, the less it costs—and the more thinly the load is spread. C. Howard & Partners are the leading specialists in School Fee Insurance.

We have helped literally thousands of parents to provide their children with the benefits of a private education, without financial stress.

We have a range of plans available, based on capital or income payments, or a mixture of both. An allocation to help combat inflation is built into them all.

Consider an example of a combined plan: if your child is now two years old, a capital payment of £2,500 now followed by annual payment of £700 should provide total fees of £17,000 (from age 8), in return for a total net investment of £12,300. And in addition £8,500 will be returned to you in the final year of the plan!

The right plan can transform the financial situation of parents while their children are at school—as well as insuring the fees should the parents die before schooling is completed.

The sooner you start, the better! Send off the coupon now for fuller information.



C. Howard & Partners
The leading Specialists in School Fee Plans

Please send me full details of your School Fee Plans (Not applicable in Eire).

NAME _____
ADDRESS _____

Post to C. Howard & Partners, Mill House, 177 Regent Street, London W1.
Telephone 01-734 8631.



New Printing House Square, London, WC1X 8EZ. Telephone: 01-837 1234

MOROCCANS TO THE RESCUE

Lib-Lab electoral pact

From Mr Richard Knox

The major setback to the American nuclear power programme resulting from the President's acquiescence to the anti-nuclear lobby by stopping the development of a commercially operating fast reactor using plutonium fuel has serious implications for the rest of the world. Announcing his decision yesterday (April 11) the President made the point that the United States was not dependent upon foreign suppliers for its fuel, but that he hoped other countries that were dependent upon imported fuels would follow the United States example.

In fact, due to its profligate consumption of its own fuel in the past, the United States now buys considerable quantities of fuel (both oil and uranium) from other countries, with all that implies about the future availability and price of these fuels. In addition to its extravagant use of American plutonium, the United States embarked on its nuclear programme by developing a type of reactor which used refined uranium fuel more rapidly than any of the reactors being developed in other countries. But, by its speed in development, it has been over the choice of "standard" reactor type, it established a large overseas market for its nuclear engineering industry. The justification for this choice was that the reactor fuel being developed for the next generation, the fast breeder reactor, would be plentiful, and that the United States had ample fuel enrichment capacity to deal with the needs of the American nuclear reactors throughout the world in the meantime. Now this situation will be upset if the fast breeder is delayed.

The new chairman of Britain's Electricity Council (which will now be faced with further restrictions on the British fast breeder following President Carter's announcement), Frank Tombs, has summed up the situation succinctly. He said recently that we have to be clear that the future fuel supply of Britain, as of the rest of the world, rests on nuclear power. That being so, fast breeders are inevitable.

The development of fast breeders is well advanced in Britain, and there is more than a

him that the nuclear industry in the United States would welcome a halt to fast breeder development in other countries so that it had time to reach or surpass their present capabilities.

That the President should be concerned over the spread of nuclear weapons is, of course, very proper. However, a great deal more than a nuclear taboo has been talked about this. At the smallest end of the scale, the threat of nuclear blackmail by terrorists is presented as a reason to avoid getting into the plutonium economy. The task of constructing a nuclear device has been greatly oversimplified by the media, with claims that a student in nuclear physics could build a bomb once he had the plutonium. The actual obstacle to this would be the fact he would kill himself before finishing his work. In fact, there are far simpler, cheaper and much safer ways for terrorists to hold as many people to ransom as they could with any home-made nuclear device.

More difficult is the prevention of nuclear weapon capability spreading to irresponsible countries. This is a complex problem, but basically means that by offering the necessary processing capability to foreign users, those countries which already have the weapon capability can keep some control on the situation through the Non-Proliferation Treaty. By simply withdrawing these "irresponsible" countries outside the United States will be tempted to develop such facilities for themselves. If they have the intention of producing weapons and the associated delivery system, they probably have the means of producing their own fuel, anyway.

Of greater concern than the possible spread of nuclear weapon capability should be the growing certainty that these nuclear weapons already in existence are large quantities will be used when, at the end of the century, the world starts to squabble over the remaining precious resources of oil, coal and uranium, and has no fast breeders to produce the only significant alternative fuel.

Yours faithfully,
RICHARD KNOX,
Electrical Review International,
Dorset House,
Stamford Street, SE1,
April 8.

But there are risks in the situation, particularly for King Hassan, but indirectly for the West also. The only reason why the King's force has got so far as it has is that Zaire is weakened by maladministration, corruption, and discontent. The economy is in decline. The invaders are not secessionists invoking Tshombe's shade. They are calling on Zaireans to rise against a discredited autocrat. They are in contact, if not in collaboration,

with rebels in Kivu: the surviving remnants of the Giziengist and Mulele factions which were stopped only by Tshombe in 1965 with the help of white mercenaries, after he had been transformed from discomfited provincial satrap into prime minister of the Congo. President Mobutu has not been able to extinguish them.

Thus his need of the Moroccans is not only to repulse the invaders. He needs them because his own troops are almost useless—at times even mutinous. But for knowledge of their poor condition, President Neto would hardly have sanctioned the attack, which for him has a short and long-term objective: the short-term objective being to take the pressure off Cabinda, the longer one to spread Marxism to his neighbour. It is improbable the Katangans could get to Kivu, though the Cubans conceivably might, with local backing. The Moroccan reinforcements are designed to discourage their ambitions, to make them retreat from Shaba to encourage the Zaireans to stay with their allegiance, and ultimately to clear Shaba. The danger is that the Mobutu regime has gone beyond the point at which it can be reformed and revived. If discontent goes deep enough a foreign contingent cannot save it, and might only exasperate the local people.

The future is thus hard to predict, and President Giscard d'Estaing seems aware of this in the careful limitation of France's commitments, undertaken perhaps as much to promote King Hassan's prestige—and his standing against Algeria—as to save the shaky western-dependent regime of President Mobutu. Much will now depend on whether President Neto, and his Cuban allies, decide to raise their stakes.

It is impractical because it is highly unlikely that the left wing of the Labour Party, and therefore the NEC, would allow it to happen. It is undemocratic because, even under our unfair electoral system, the voters should be given a choice between Liberalism and Socialism, which are, as Mr Lamb would be the first to state, very different animals. This is the fundamental reason why many of us have campaigned over the years—successfully—that Liberals must always fight wherever they can.

It is quite likely that in the short term an arrangement such as Mr Lamb describes would be good for both the Liberal and Labour Parties. I believe that in the long term it would be bad for both of them and that in both the short and long term it would be bad for democracy.

Yours etc.

TIM BEAUMONT,
House of Lords,
April 11.

Reform of system

From Mr David Grace

Sir, In today's edition of *The Times* (March 30), while reviewing the prospects for the Liberal Party, Geoffrey Smith questioned the motives of the five and a half million people who voted Liberal at the general election. Why is the Liberal voter singled out for attention?

If Mr Smith is asserting that many voters vote in ignorance of all or part of party manifestos, I must agree with him. Indeed they may agree with the colour in Mr Callaghan's face, Mrs Thatcher's hair or Mr Steel's tie. That is their privilege.

The function of an electoral system in a democracy is to give expression to the views of the electorate. Whether Mr Smith or I, or anyone else may think of the basis and value of those views. The case for electoral reform rests on the proposition that the entire electorate, not merely five and a half million voters, is cheated at every election.

I have the honour to be your obedient servant,

DAVID GRACE,
114 York Street,
Cambridge,
March 30.

Future of broadcasting

From Mr J. A. Camacho

Sir, How refreshing to read the views of authentic practical experience. Mr Nethercott (April 1) is manifestly right. He might have added that the exchange of staff between local stations, regional centres and London is also valuable and enriching. If what is suggested (the Annan report is not easily obtainable in rural areas) is three tiers, respectively for national, regional and local broadcasting, each controlled by a separate and independent authority, the proposal is clearly illogical. How can an organization be truly national if it has no tap-roots outside the London-Oxford triangle? The concept of a national network of independent stations, if it is not to be a dead-end bureaucracy, is in itself and by itself woefully unrealistic.

Nor surely do we want such a proliferation of official bodies. For example, to give a separate body the task of examining complaints is to take from the BBC's Board of Governors and from the IBA some of their most important responsibilities. For they are not, or should not be, executive bodies; their primary functions should surely be to guide and instruct, to decide on important matters of policy and, above all, to represent and protect the interests of the public.

Yours faithfully,
J. A. CAMACHO,
Hemel Hempstead,
Hertfordshire,
April 4.

John Evelyn's library

From Mr Raymond E. Maddison

Sir, Neither Mr Latham in his letter of March 24, nor Sir Geoffrey Keynes in his interesting letter of March 25, has put forward any reason why the library of John Evelyn should be kept physically together.

No one would dispute that before its dispersal a full bibliographical catalogue of the library could, with advantage to scholars, be made.

Unless John Evelyn made manuscript notes in his books however (and no one has to date suggested that he did) it is difficult to see what purpose would be served by the library's physical preservation that could not equally be served by a catalogue.

Yours faithfully,
RAYMOND E. MADDISON,
80 Sutton Road,
Heston,
Middlesex.

Where are they?

From the Headmaster of Piccadilly School

Sir, Where are all the very bright young men and women going? Yesterday (April 11) we were told that they are not attracted to medicine; in recent years we have been assured that they do not go into education; they do not take up careers in engineering and technology; and that there is a dearth of able students following science courses. Then where are they?

Perhaps, if we define our terms, we may find the picture is not as black as it is being painted.

Yours faithfully,
K. J. FYPPE, Headmaster,
Piccadilly School,
The Oaks,
Epsom Road,
Selvedge, Kent.

Lead in ancient Rome

From Dr N. A. F. Smith

Sir, Professor Black's contention (Letters, April 6) that we must rule out the main lines of the aqueducts as a possible source of lead in drinking water is valid for the city of Rome itself but not for other places. As I have shown in my book *Man and Water*, Roman engineers were, when it was necessary, quite capable of building "inverted siphons" in pressurized pipelines, in order to carry water supplies across river valleys or other depressions. Lead was the material commonly used for such pipes. Nearly 20 examples are known and by far the most impressive selection was constructed on the four aqueducts which supplied Lyon, perhaps as much as 10,000 tons of lead being used in this particular case. To test the theories of your correspondent the decline and fall of Lyon rather than Rome might be the more revealing case to study.

In reality, though, I suspect that the problem is more complex and obscure than Professor Black suggests. Brand new lead pipes whether in the main aqueduct or in distribution systems would be more likely to poison the water than those already well used. By degrees water conduits tend to accumulate a lining of calcareous deposits, and in some of the open channels—Nimes and Cologne for example—the incrustations are notably thick. Thus in time the risk of dysentery poisoning as such would reduce or increase.

If lead poisoning is to be seriously considered as a direct cause of long term health of Roman citizens surely the problem has to be considered more broadly. At one point Strabo remarks on the need to provide lead smelters with chimneys "so that the gas from the ore may be carried high into the air, for it is heavy and deadly". Nor should river and ground water pollution be

overlooked. Not only lead but just as insidious, mercury and arsenic, were mined by the Romans and water used in these workings or seeping from them penetrated, unchecked and unsuspected, water resources, including drinking water and agriculture. Also to be considered are purely domestic sources of lead: various types of lead utensils and water containers, dishes, cooking and storage pots, and a variety of food items which were rich in lead. At present the evidence is very inconclusive. More is likely to be learned I suspect from the consequences than the causes. Where it is possible examination of a sufficiently large sample of the lead content in the bones of Roman burials is the more fruitful approach now being adopted.

Yours sincerely,
NORMAN A. F. SMITH,
Department of History of Science and Technology,
Imperial College of Science and Technology, SW7.

Learning languages

From Mrs Nora Wooster

Sir, Undoubtedly one of the greatest disadvantages faced by immigrant and many indigenous youngsters is the way they speak. In addition to the Rs they learned Queen's English as a second language, a lot of their difficulties would be removed. There would be an added bonus in that the real riches of numberless dialects would more likely be preserved; and the fact that young children accustomed to hear and encouraged to pronounce new sounds and rhythms, would have their ability to learn to speak and understand foreign languages enhanced.

Yours faithfully,
NORA WOOSTER,
339 Cherry Hinton Road,
Cambridge.

Fragile eggshells

From Major A. E. Sturdy

Sir, I cannot entirely agree with the findings of the scientists, reported on the front page of *Saturday Times* (April 2) that the shells of eggs laid by factory bred hens are not inferior to those of their free range sisters. I sometimes find that the former crumble between the fingers even before baking. I contend that they are inferior because the layers receive no grit in their diet, whereas the grit picked up by free range hens is generally supplemented by ground oyster shells.

Incidentally, it is only in old age that I have at last discovered that the tops of boiled eggs should be sliced off at the thin end, to avoid spilling the yolk. A difference of opinion on this subject was, if I remember correctly, the cause of the war in Thackeray's *The Rector and the Ring*, the delight of which is, I fear, unknown to modern generations of science fiction fed children.

Yours faithfully,
A. E. STURDY,
68 Holland Park, W11,
April 2.

New towns

From Mrs Alice Coleman

Sir, Surely Lord Greenwood (April 5) has misidentified the bird. It is not the goose that lays the golden eggs, but the ostrich with its head in the sand. From such a sand-clouded viewpoint it may be possible to believe in a vast expansion of British Leyland as a justification for another new town; or to believe that Kirby New Town, such as shining example it should be duplicated or to argue that, because momentum has already been gathered in a given direction it should on no account be halted in the light of reappraisals.

From a more factual viewpoint we see Britain as a country that grows only half her own food in a world where food demand and food prices are rising. There are now only three countries that are net exporters of food, and the need to double our own food supply should be a realistic consideration for any responsible government. To advocate the sterilization of yet more farmland to build a new town is now completely irresponsible.

In this country there is a superfluity of dead space. Vast areas of derelict land, waste land and scrub are breaking up the inner city, and may well be the major reason why it is dying; let us bring new life

to these dying areas, and spread the building employment required throughout all our cities, instead of concentrating it into a single new town.

We have the choice. Either we use the urban wasteland and conserve farmland, or we sterilize the waste land and sterilize the farmland. Lord Greenwood believes that the latter course is preferable. I cannot agree with him.

Yours faithfully,
ALICE COLEMAN (Director of the Second Land Utilisation Survey of Britain),
King's College London,
Strand WC2,
April 9.

Lib-Lab electoral pact

From Lord Beaumont of Whitley

Sir, Mr Richard Lamb's suggestion (Letters, April 11) for a modified electoral pact between the Liberal and Labour parties is retrograde, impractical and undemocratic.

It is retrograde because a situation where the Liberals hold seats by the good will of another party is debilitated and precarious. The moment when we emerged as a national party again was the moment when such pacts collapsed and few of us would want to move back.

It is impractical because it is highly unlikely that the left wing of the Labour Party, and therefore the NEC, would allow it to happen. It is undemocratic because, even under our unfair electoral system, the voters should be given a choice between Liberalism and Socialism, which are, as Mr Lamb would be the first to state, very different animals. This is the fundamental reason why many of us have campaigned over the years—successfully—that Liberals must always fight wherever they can.

It is quite likely that in the short term an arrangement such as Mr Lamb describes would be good for both the Liberal and Labour Parties. I believe that in the long term it would be bad for both of them and that in both the short and long term it would be bad for democracy.

Yours etc.

TIM BEAUMONT,
House of Lords,
April 11.

Reform of system

From Mr David Grace

Sir, In today's edition of *The Times* (March 30), while reviewing the prospects for the Liberal Party, Geoffrey Smith questioned the motives of the five and a half million people who voted Liberal at the general election. Why is the Liberal voter singled out for attention?

If Mr Smith is asserting that many voters vote in ignorance of all or part of party manifestos, I must agree with him. Indeed they may agree with the colour in Mr Callaghan's face, Mrs Thatcher's hair or Mr Steel's tie. That is their privilege.

The function of an electoral system in a democracy is to give expression to the views of the electorate. Whether Mr Smith or I, or anyone else may think of the basis and value of those views. The case for electoral reform rests on the proposition that the entire electorate, not merely five and a half million voters, is cheated at every election.

I have the honour to be your obedient servant,

DAVID GRACE,
114 York Street,
Cambridge,
March 30.

Future of broadcasting

From Mr J. A. Camacho

Sir, How refreshing to read the views of authentic practical experience. Mr Nethercott (April 1) is manifestly right. He might have added that the exchange of staff between local stations, regional centres and London is also valuable and enriching. If what is suggested (the Annan report is not easily obtainable in rural areas) is three tiers, respectively for national, regional and local broadcasting, each controlled by a separate and independent authority, the proposal is clearly illogical. How can an organization be truly national if it has no tap-roots outside the London-Oxford triangle? The concept of a national network of independent stations, if it is not to be a dead-end bureaucracy, is in itself and by itself woefully unrealistic.

Nor surely do we want such a proliferation of official bodies. For example, to give a separate body the task of examining complaints is to take from the BBC's Board of Governors and from the IBA some of their most important responsibilities. For they are not, or should not be, executive bodies; their primary functions should surely be to guide and instruct, to decide on important matters of policy and, above all, to represent and protect the interests of the public.

Yours faithfully,
J. A. CAMACHO,
Hemel Hempstead,
Hertfordshire,
April 4.

John Evelyn's library

From Mr Raymond E. Maddison

Sir, Neither Mr Latham in his letter of March 24, nor Sir Geoffrey Keynes in his interesting letter of March 25, has put forward any reason why the library of John Evelyn should be kept physically together.

No one would dispute that before its dispersal a full bibliographical catalogue of the library could, with advantage to scholars, be made.

Unless John Evelyn made manuscript notes in his books however (and no one has to date suggested that he did) it is difficult to see what purpose would be served by the library's physical preservation that could not equally be served by a catalogue.

Yours faithfully,
RAYMOND E. MADDISON,
80 Sutton Road,
Heston,
Middlesex.

Where are they?

From the Headmaster of Piccadilly School

Sir, Where are all the very bright young men and women going? Yesterday (April 11) we were told that they are not attracted to medicine; in recent years we have been assured that they do not go into education; they do not take up careers in engineering and technology; and that there is a dearth of able students following science courses. Then where are they?

Perhaps, if we define our terms, we may find the picture is not as black as it is being painted.

Yours faithfully,
K. J. FYPPE, Headmaster,
Piccadilly School,
The Oaks,
Epsom Road,
Selvedge, Kent.

Lead in ancient Rome

From Dr N. A. F. Smith

Sir, Professor Black's contention (Letters, April 6) that we must rule out the main lines of the aqueducts as a possible source of lead in drinking water is valid for the city of Rome itself but not for other places. As I have shown in my book *Man and Water*, Roman engineers were, when it was necessary, quite capable of building "inverted siphons" in pressurized pipelines, in order to carry water supplies across river valleys or other depressions. Lead was the material commonly used for such pipes. Nearly 20 examples are known and by far the most impressive selection was constructed on the four aqueducts which supplied Lyon, perhaps as much as 10,000 tons of lead being used in this particular case. To test the theories of your correspondent the decline and fall of Lyon rather than Rome might be the more revealing case to study.

In reality, though, I suspect that the problem is more complex and obscure than Professor Black suggests. Brand new lead pipes whether in the main aqueduct or in distribution systems would be more likely to poison the water than those already well used. By degrees water conduits tend to accumulate a lining of calcareous deposits, and in some of the open channels—Nimes and Cologne for example—the incrustations are notably thick. Thus in time the risk of dysentery poisoning as such would reduce or increase.

If lead poisoning is to be seriously considered as a direct cause of long term health of Roman citizens surely the problem has to be considered more broadly. At one point Strabo remarks on the need to provide lead smelters with chimneys "so that the gas from the ore may be carried high into the air, for it is heavy and deadly". Nor should river and ground water pollution be

overlooked. Not only lead but just as insidious, mercury and arsenic, were mined by the Romans and water used in these workings or seeping from them penetrated, unchecked and unsuspected, water resources, including drinking water and agriculture. Also to be considered are purely domestic sources of lead: various types of lead utensils and water containers, dishes, cooking and storage pots, and a variety of food items which were rich in lead. At present the evidence is very inconclusive. More is likely to be learned I suspect from the consequences than the causes. Where it is possible examination of a sufficiently large sample of the lead content in the bones of Roman burials is the more fruitful approach now being adopted.

Yours sincerely,
NORMAN A. F. SMITH,
Department of History of Science and Technology,
Imperial College of Science and Technology, SW7.

Learning languages

From Mrs Nora Wooster

Sir, Undoubtedly one of the greatest disadvantages faced by immigrant and many indigenous youngsters is the way they speak. In addition to the Rs they learned Queen's English as a second language, a lot of their difficulties would be removed. There would be an added bonus in that the real riches of numberless dialects would more likely be preserved; and the fact that young children accustomed to hear and encouraged to pronounce new sounds and rhythms, would have their ability to learn to speak and understand foreign languages enhanced.

Yours faithfully,
NORA WOOSTER,
339 Cherry Hinton Road,
Cambridge.

Fragile eggshells

From Major A. E. Sturdy

Sir, I cannot entirely agree with the findings of the scientists, reported on the front page of *Saturday Times* (April 2) that the shells of eggs laid by factory bred hens are not inferior to those of their free range sisters. I sometimes find that the former crumble between the fingers even before baking. I contend that they are inferior because the layers receive no grit in their diet, whereas the grit picked up by free range hens is generally supplemented by ground oyster shells.

Incidentally, it is only in old age that I have at last discovered that the tops of boiled eggs should be sliced off at the thin end, to avoid spilling the yolk. A difference of opinion on this subject was, if I remember correctly, the cause of the war in Thackeray's *The Rector and the Ring*, the delight of which is, I fear, unknown to modern generations of science fiction fed children.

Yours faithfully,
A. E. STURDY,
68 Holland Park, W11,
April 2.

New towns

From Mrs Alice Coleman

Sir, Surely Lord Greenwood (April 5) has misidentified the bird. It is not the goose that lays the golden eggs, but the ostrich with its head in the sand. From such a sand-clouded viewpoint it may be possible to believe in a vast expansion of British Leyland as a justification for another new town; or to believe that Kirby New Town, such as shining example it should be duplicated or to argue that, because momentum has already been gathered in a given direction it should on no account be halted in the light of reappraisals.

From a more factual viewpoint we see Britain as a country that grows only half her own food in a world where food demand and food prices are rising. There are now only three countries that are net exporters of food, and the need to double our own food supply should be a realistic consideration for any responsible government. To advocate the sterilization of yet more farmland to build a new town is now completely irresponsible.

In this country there is a superfluity of dead space. Vast areas of derelict land, waste land and scrub are breaking up the inner city, and may well be the major reason why it is dying; let us bring new life

to these dying areas, and spread the building employment required throughout all our cities, instead of concentrating it into a single new town.

We have the choice. Either we use the urban wasteland and conserve farmland, or we sterilize the waste land and sterilize the farmland. Lord Greenwood believes that the latter course is preferable. I cannot agree with him.

Yours faithfully,
ALICE COLEMAN (Director of the Second Land Utilisation Survey of Britain),
King's College London,
Strand WC2,
April 9.

Lib-Lab electoral pact

From Lord Beaumont of Whitley

Sir, Mr Richard Lamb's suggestion (Letters, April 11) for a modified electoral pact between the Liberal and Labour parties is retrograde, impractical and undemocratic.

It is retrograde because a situation where the Liberals hold seats by the good will of another party is debilitated and precarious. The moment when we emerged as a national party again was the moment when such pacts collapsed and few of us would want to move back.

It is impractical because it is highly unlikely that the left wing of the Labour Party, and therefore the NEC, would allow it to happen. It is undemocratic because, even under our unfair electoral system, the voters should be given a choice between Liberalism and Socialism, which are, as Mr Lamb would be the first to state, very different animals. This is the fundamental reason why many of us have campaigned over the years—successfully—that Liberals must always fight wherever they can.

It is quite likely that in the short term an arrangement such as Mr Lamb describes would be good for both the Liberal and Labour Parties. I believe that in the long term it would be bad for both of them and that in both the short and long term it would be bad for democracy.

Yours etc.

TIM BEAUMONT,
House of Lords,
April 11.

Reform of system

From Mr David Grace

Sir, In today's edition of *The Times* (March 30), while reviewing the prospects for the Liberal Party, Geoffrey Smith questioned the motives of the five and a half million people who voted Liberal at the general election. Why is the Liberal voter singled out for attention?

If Mr Smith is asserting that many voters vote in ignorance of all or part of party manifestos, I must agree with him. Indeed they may agree with the colour in Mr Callaghan's face, Mrs Thatcher's hair or Mr Steel's tie. That is their privilege.

The function of an electoral system in a democracy is to give expression to the views of the electorate. Whether Mr Smith or I, or anyone else may think of the basis and value of those views. The case for electoral reform rests on the proposition that the entire electorate, not merely five and a half million voters, is cheated at every election.

I have the honour to be your obedient servant,

DAVID GRACE,
114 York Street,
Cambridge,
March 30.

Future of broadcasting

From Mr J. A. Camacho

Sir, How refreshing to read the views of authentic practical experience. Mr Nethercott (April 1) is manifestly right. He might have added that the exchange of staff between local stations, regional centres and London is also valuable and enriching. If what is suggested (the Annan report is not easily obtainable in rural areas) is three tiers, respectively for national, regional and local broadcasting, each controlled by a separate and independent authority, the proposal is clearly illogical. How can an organization be truly national if it has no tap-roots outside the London-Oxford triangle? The concept of a national network of independent stations, if it is not to be a dead-end bureaucracy, is in itself and by itself woefully unrealistic.

Nor surely do we want such a proliferation of official bodies. For example, to give a separate body the task of examining complaints is to take from the BBC's Board of Governors and from the IBA some of their most important responsibilities. For they are not, or should not be, executive bodies; their primary functions should surely be to guide and instruct, to decide on important matters of policy and, above all, to represent and protect the interests of the public.

Yours faithfully,
J. A. CAMACHO,
Hemel Hempstead,
Hertfordshire,
April 4.

John Evelyn's library

From Mr Raymond E. Maddison

Sir, Neither Mr Latham in his letter of March 24, nor Sir Geoffrey Keynes in his interesting letter of March 25, has put forward any reason why the library of John Evelyn should be kept physically together.

No one would dispute that before its dispersal a full bibliographical catalogue of the library could, with advantage to scholars, be made.

Unless John Evelyn made manuscript notes in his books however (and no one has to date suggested that he did) it is difficult to see what purpose would be served by the library's physical preservation that could not equally be served by a catalogue.

Yours faithfully,
RAYMOND E. MADDISON,
80 Sutton Road,
Heston,
Middlesex.

Where are they?

From the Headmaster of Piccadilly School

Sir, Where are all the very bright young men and women going? Yesterday (April 11) we were told that they are not attracted to medicine; in recent years we have been assured that they do not go into education; they do not take up careers in engineering

OLD
signed
1

Expand in Merseyside
Send us your literature
Tel: 01-405 0488 London

Succeed in Merseyside
Let us send you our literature
Tel: 01-405 0488 London

Support grows for 'substantial increase' in IMF lending power

By Melvyn Westlake

A proposal for a "substantial increase in the lending power of the International Monetary Fund" is gaining widespread favour as a means of meeting the global trade imbalances caused by oil price increases. This is in addition to the money that the IMF is already lending to countries with large trade surpluses, like Japan and West Germany.

Mr. Healey and his top Treasury aides are likely to throw their weight behind a still-confidential plan to raise its members' quotas—in effect, a nations' borrowing limit—when Finance and Treasury ministers representing all the IMF members meet in Washington in two weeks' time.

Precisely what order of increase in quotas is sought by IMF officials is not being disclosed, but it is thought to be significantly greater than the last rise of 30 per cent agreed just over a year ago.

Mr. Witteveen is trying to establish with money from the world's main surplus nations will provide only part of the

answer. The signs are that this facility might amount to about \$12,000 million spread over three or four years.

However, the needs of the non-oil exporting third world countries alone are greater than that. The representatives of the developing countries at the Washington meeting are unlikely to be satisfied with any of the proposals so far advanced. For one thing, they dislike the economic and financial conditions applied to IMF loans. They say that these conditions are often inappropriate and unrealistic in the context of many poor borrowers.

There is known to be divided opinions within the Fund itself over these conditions, particularly after the recent Cairo bread riots that followed Egypt's loan from the IMF. Many developing countries have preferred to borrow from the international money market rather than meet the IMF's conditions.

However, many of the more traditionally-minded creditor countries who are expected to contribute to Dr. Witteveen's new lending facility favour conditionality as a way of forcing borrowers to accept greater financial discipline.

In opposing these moves, the developing countries seem certain to raise once again their demands that the IMF should make a fresh allocation of special drawing rights, an international monetary unit which can be used to finance balance of payments deficits instead of dollars or gold. No new allocations of SDRs have been made since the small disbursements that preceded the fivefold increase in the oil price.

Many of the big industrialized nations are against a further allocation because they feel that creating more international money will fuel world inflation.

It is argued that there is no shortage of international money. The problem is its unequal distribution, and this can be corrected through the borrowing and lending activities of the IMF. This also enables the Fund to act as a kind of financial policeman.

Clamp likely on retail price-setting practice

By Derek Harris

An exhaustive factual report on the still widespread use of recommended retail prices (RRPs) in most sectors of industry and commerce has been completed by the Price Commission, and is being studied by Mr. Hattersley, Secretary of State for Prices and Consumer Protection.

It sets the stage for what is expected to be a shake-up of this pricing practice as soon as the new Price Commission Bill, now going through Parliament, gives Mr. Hattersley additional powers to act.

The growing tide of opinion against the use of RRP has already led manufacturers and retailers of most "brown" goods—such as television sets, radios and hi-fi equipment—to scrap the practice.

It has been confirmed that the action has also begun in the "white" goods sector, with Mr. Hattersley's plan to drop RRP on all its products.

Mr. Hattersley is a major supplier in the United Kingdom, especially of toasters, irons and hair-care appliances. His policy switch could be a key factor in persuading other manufacturers in this sector to drop RRP.

But it is significant that there are no plans so far for RRP to be dropped by sections of GEC, a merged company in which GEC hold a majority stake, involved in the manufacture of larger "white" goods such as refrigerators and freezers. Hotpoint is a major manufacturer in the GEC Schreiber stable.

There appears to be considerable resistance to dropping RRP by the manufacturers of "white" goods. One of the main arguments for retention of RRP has been that without such a base list, an integral part of national advertising campaigns, the public has no benchmarks against which to judge prices in the shops.

Typically, retail outlets will offer goods at a percentage off RRP, but there has been mounting criticism of some RRP levels being pitched artificially high.

Last September, the Price Commission completed a survey on RRP among small electrical appliances, and found the pricing system potentially misleading. The Commission concluded that RRP should be abandoned in this sector because consumers might be induced to buy under the impression they were getting a better bargain than they actually were.

The Commission found actual retail prices averaged 20 per cent below those recommended by appliance manufacturers.

The Radio, Electrical and Television Retailers' Association (RETRA), which brought pressure on the "brown" goods makers to abolish RRP, talks soon with all the "white" goods manufacturers. RETRA is convinced that present systems relying on RRP or similar benchmarks—such as the reasonable prices now being quoted in some sectors—are so misleading and confusing that the whole practice should be stopped.

Although the Government has some powers to act on RRP practices under the Fair Trading Act, it can be a lengthy procedure. When the new price control powers become law, Mr. Hattersley will be able to act more decisively. It will be possible to prohibit advertising of RRP or even the setting of RRP by manufacturers.

But first the Price Commission will have to investigate a sector and make a recommendation to the Secretary of State. The factual report, without any recommendations, was sent to the present Commission has now passed to Mr. Hattersley, will enable him to identify the sectors most calling for investigation.

Societies poised to cut mortgage rate

By Our Financial Staff

Building Societies are still clinging to the status quo but there seems little doubt now that a cut—possibly of 1 per cent—in the mortgage interest rate will be announced at this Friday's meeting of the Building Societies Association.

Pressure for a reduction from the present 12½ per cent has been steadily mounting this year with the general fall in market interest rates.

Mr. Hattersley's plan to drop RRP on all its products.

Mr. Hattersley is a major supplier in the United Kingdom, especially of toasters, irons and hair-care appliances. His policy switch could be a key factor in persuading other manufacturers in this sector to drop RRP.

But it is significant that there are no plans so far for RRP to be dropped by sections of GEC, a merged company in which GEC hold a majority stake, involved in the manufacture of larger "white" goods such as refrigerators and freezers. Hotpoint is a major manufacturer in the GEC Schreiber stable.

There appears to be considerable resistance to dropping RRP by the manufacturers of "white" goods. One of the main arguments for retention of RRP has been that without such a base list, an integral part of national advertising campaigns, the public has no benchmarks against which to judge prices in the shops.

Typically, retail outlets will offer goods at a percentage off RRP, but there has been mounting criticism of some RRP levels being pitched artificially high.

Last September, the Price Commission completed a survey on RRP among small electrical appliances, and found the pricing system potentially misleading. The Commission concluded that RRP should be abandoned in this sector because consumers might be induced to buy under the impression they were getting a better bargain than they actually were.

The Commission found actual retail prices averaged 20 per cent below those recommended by appliance manufacturers.

The Radio, Electrical and Television Retailers' Association (RETRA), which brought pressure on the "brown" goods makers to abolish RRP, talks soon with all the "white" goods manufacturers. RETRA is convinced that present systems relying on RRP or similar benchmarks—such as the reasonable prices now being quoted in some sectors—are so misleading and confusing that the whole practice should be stopped.

Although the Government has some powers to act on RRP practices under the Fair Trading Act, it can be a lengthy procedure. When the new price control powers become law, Mr. Hattersley will be able to act more decisively. It will be possible to prohibit advertising of RRP or even the setting of RRP by manufacturers.

But first the Price Commission will have to investigate a sector and make a recommendation to the Secretary of State. The factual report, without any recommendations, was sent to the present Commission has now passed to Mr. Hattersley, will enable him to identify the sectors most calling for investigation.

pects that the tide is running too strongly to ignore and "some early reduction is inevitable".

More positively, Mr. Roy Cox, chief general manager of the Alliance, welcomes a cut in rates and says that "despite the uncertainties there should be a minimum 1 per cent cut."

Market forces aside, however, the Government has also appeared on the scene with some tentative arm-twisting in Mr. Hattersley's recent remarks that an early reduction in mortgage rates "can be expected".

Even so, the societies themselves are making it apparent that any sharp reduction is unlikely and it seems that some favour a phased cut in mortgage rates. Following the slump in new monthly receipts to under £25m at the end of last year, the pick-up this year has not been as pronounced as hoped.

February receipts rose to £201m but that improvement has not been maintained in March.

Building society leaders blame this partly on the alluring terms of the sixteenth issue

of National Savings, which appears to have lured off much of the money that would otherwise have found its way into the societies. April, however, has got off to a much better start and most societies are envisaging a reasonably strong rise in receipts.

The societies are also unhappy about the uncertainty created by the conditional cut in the standard rate of income tax from 35 to 33 per cent since this will also affect the competitiveness of their deposit rates and lead to a small change in their composite rate.

Ever conscious of the need to maintain the flow of mortgage funds, the societies also seem to be worried about possible implications of the recent fall in the savings rate.

Despite these doubts, initial opposition to a cut in rates by one or two of the larger societies was melting last week, particularly as the 12 per cent gross rate offered by the societies looks well out of line with interest rates elsewhere, being two points higher than



Mr. Raymond Potter: tide running too strongly to ignore.

that available on local authority money and a clear seven points more than bank deposits offer.

US sets a consumer watchdog on agencies

A new United States government agency will soon be established to act as a sort of ombudsman to ensure that numerous existing agencies serve the interests of consumers, rather than the interests of those industries they are meant to regulate.

For almost a decade Mr. Ralph Nader and other American consumer advocates have waged a bitter and frustrating battle to create a consumer protection agency. Finally, late last week President Carter announced his support for the creation of such an agency, with an annual budget of \$15m. The Congress is likely to pass the necessary legislation by July.

The new body will have numerous functions, but none will be more important than that of acting as a watchdog over the huge number of existing regulatory agencies.

It is a stark indictment of the failure of many of these agencies that even the President himself should agree on the need for a new agency to scrutinize their operations.

Charges are frequently made, for example, that the Civil Aeronautics Board does more to ensure the profitability of inefficient commercial airlines than it does to strengthen airline competition and produce cheaper fares.

The same charges are made against agencies regulating broadcasting, telephone, rail and many other industries.

The new agency could take another government agency to court if it thought a given decision ignored consumer views. It could have a say in the decision-making of most agencies, even those that regulate tariffs and quotas in America's foreign trade.

There is a clear need for consumers to have a greater influence in Washington. However, there is the grave danger that the new agency will go the way of most of the other agencies that President Carter now wants to reorganize, because they have simply become too big, too bureaucratic and far too costly.

Frank Vogl

Oil wells on Scottish mainland proposed

By Roger Vielvoye

Plans to drill a series of oil exploration wells on the Scottish mainland only 12 miles from the Mesa offshore oil field in the Moray Firth will be submitted to the Department of Energy shortly by the Ball and Collins exploration group.

Mesa's success in finding oil in shallow water close to the coast has made the small onshore concession running from just north of Helmsdale either side of the A9 road to Golspey extremely attractive.

Ball and Collins, operating on behalf of Attock Oil and Tripco, has completed seismic work and some shallow core drilling, but will need to convert its exploration licence into a production licence before a deep well can be drilled.

Talks have already been held with local landowners and conservationists, and the company is hoping to sink the first well, very close to the shore, before the end of the year.

Ball and Collins's small concession is on the same geological structure as the Mesa find, but is separated from the offshore discovery by a fault.

The Mesa group, in which P & O has a 15 per cent stake, is drawing up development plans for the field and hopes to submit these to the Department of Energy for approval by the end of the month.

Further drilling will be needed on the Brae oilfield in the North Sea before any decisions are made on a development programme for the field, according to Pan Ocean Oil, operator for the Pan Ocean exploration group.

There had been hopes that the latest well on the field—the seventh in block 16/7—would enable decisions to be made on a development programme. But the results of the well were disappointing. Pan Ocean said a production test of a 26ft section between 12,160 and 12,200ft showed 1,385 barrels a day of 48.7 degree gravity condensate, and 12.8 million cubic feet a day of gas through a one-inch choke.

The well was two miles north of the third hole on the block, and two miles south-west of the original discovery. The group has a second drilling rig working on the eighth well on the block.

Other members of the exploration group are British National Oil Corporation, Ashland Oil, Canadian Ashco, One Bow Valley Exploration, Saga Petroleum, L. L. and E. Siebens Oil & Gas, and Sunningdale Oil.

lapsed, detailed plans were submitted, and these are still under consideration by the GLC and the Department of the Environment.

On the face of it, therefore, the hotel and stadium project remains a possibility. But much has changed since the plans were drawn up. GRA now trades under a restrictive Scheme of Arrangement adopted last year as an alternative to liquidation, and to defer the loss of its major profits centre the group has had to renegotiate the White City deal, further delaying Stock Conversion's acquisition of the site.

The property group has recently accepted the deferment because the development as planned—no longer looks economically feasible and is now, as far as Stock Conversion is concerned, effectively dead.

The new sales agreement, signed at the end of last month on the day before publication of GRA's 1976 accounts, defers completion of the sale until December 1981. In return, GRA loses its right to participate in the development and the sale price is to fall by £50,000 a year from 1977.

Interest accumulating on a £500,000 loan from Stock Conversion to GRA will further eat into the greyhound group's general sales proceeds. The balance of the debt, in any case, is to be reduced by £10.8m of loans from ICI's Pension Fund as the fund holds a second charge on the site.

the South-east, according to a report by the London Chamber of Commerce and Industry. The chamber says the proposal—to allow for a given percentage of the payroll increase to correct differentials—was superficially attractive but liable to abuse. Unless there could be clear agreement as to who qualified for differentials there could be a free-for-all.

EEC energy hope

Ton level discussions between the United States and the EEC on energy objectives are likely once the Carter administration has unveiled its own energy policy later this month. Hopes for closer cooperation between Europe and the United States have grown from a visit to America by Mr. Benn, the Secretary of State for Energy, and chairman of the EEC energy ministers.

US steel pay rise

The most important United States wage dispute of 1977 has been settled with a contract that is bound to raise fears in America of mounting inflation. About 340,000 steel industry workers are to receive basic pay rises of 10 to 15 per cent over the next three years, plus fringe benefits likely to add at least 10 per cent a year to the industry's wages bill.

Pay chaos feared

Growing concern over the possible introduction of "kitty bargaining" in the next phase of pay policy is being expressed by employers in London and

Trades hit by cigarette coupon withdrawals

Trades involved in servicing cigarette coupon redemptions have been hit by the announcement by Imperial Tobacco and Gallaher that they are dropping coupons from more of their brands.

Carreras Rothmans, the third leading producer, has already decided to withdraw all forms of gift incentive and coupon schemes.

John Player, the Imperial subsidiary, is dropping coupons from its Carlton Collection brand cigarettes after a five-month period of giving smokers the option of buying a non-coupon version at a 2p discount per packet.

Gallaher, which runs a similar scheme, also found that there was strong preference for non-coupon Silk Cut brands, and is reviewing its coupon from Gold Bond and Park Drive tipped brands, as well as from its Silk Cut range.

A wide variety of trades, from printers of the nine million or so catalogues which the cigarette industry sends to smokers each year, to warehouses handling the eight million or so gifts, are affected.

Among the hardest hit has been Merchandise Promotions, the pink stamp trading company acquired from the American Sperry & Hutchinson organization in 1975.

This company handles coupon redemptions for Carreras Rothmans in addition to its trading stamp and contract warehousing activities.

Commenting on Carreras Rothmans's phasing out of coupons, due to be completed in August, Mr. Donald Lamb, chairman of Merchandise Promotions, said the short-term effect would be good. The company was expecting a rush of redemptions from savers before the schemes stop.

Even in the long term the loss of the business "will not be a body blow", Mr. Lamb said. Cigarette coupons had been declining for some time.

In addition to the handling charge paid to Merchandise Promotions, dropping gift incentives will save Carreras Rothmans the £150,000 it cost to print its 500,000 catalogues and £160,000 in postage.

The other big cigarette companies, all of which are retaining part of their coupon activities for the time being, use their own merchandising services.

Imperial Tobacco has two subsidiaries handling coupon redemptions. Dennewood Distributors at Newcastle upon Tyne sends out nearly three million items a year for W.D. & H.O. Wills. The other, Outlook Supplies of Manchester, is responsible for about the same number of items for John Player brand coupon collectors.

Sooner or later you will decide to switch your accounting to a computer. With staff costs the way they are, the sooner the better!

If you decide to buy a Kienzle outright, the total cost is under £11,000 or on a five year rental contract—£59 a week.

The Kienzle 2000 Office Computer comes complete with systems covering Invoicing, Sales, Purchase and Nominal Ledgers; Stock Control; Payroll and business management figures. These systems are developed to suit your company and are actually demonstrated to you before you place your order!

Simple to Install
The Kienzle 2000 is an office computer. Just move it into your Accounts Department and away you go.

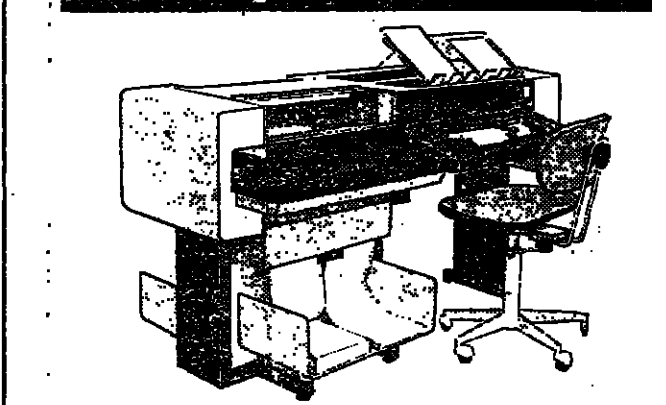
Easy to Use
We will soon show your staff how to use your Kienzle. Two months from now it could be running in your office with the minimum of upheaval.

Seeing is believing
Visit some of our users and see for yourself just how a Kienzle works for them. You will be under no obligation. Just give us a call or use the coupon.

Kienzle Data Systems Ltd, 224 Bath Road, Slough SL1 4DS. Telephone: Slough 33355. Telex: 848535 Kienzledata. Branches also at Birmingham, Bristol, Manchester and Washington.

Let me have more information!
My name is _____
My position is _____
I can get out slip it to your company. I understand it will be put to use today!

We can't afford a computer!
Yes you can, say KIENZLE



Sooner or later you will decide to switch your accounting to a computer. With staff costs the way they are, the sooner the better!

If you decide to buy a Kienzle outright, the total cost is under £11,000 or on a five year rental contract—£59 a week.

The Kienzle 2000 Office Computer comes complete with systems covering Invoicing, Sales, Purchase and Nominal Ledgers; Stock Control; Payroll and business management figures. These systems are developed to suit your company and are actually demonstrated to you before you place your order!

Simple to Install
The Kienzle 2000 is an office computer. Just move it into your Accounts Department and away you go.

Easy to Use
We will soon show your staff how to use your Kienzle. Two months from now it could be running in your office with the minimum of upheaval.

Seeing is believing
Visit some of our users and see for yourself just how a Kienzle works for them. You will be under no obligation. Just give us a call or use the coupon.

Kienzle Data Systems Ltd, 224 Bath Road, Slough SL1 4DS. Telephone: Slough 33355. Telex: 848535 Kienzledata. Branches also at Birmingham, Bristol, Manchester and Washington.

Let me have more information!
My name is _____
My position is _____
I can get out slip it to your company. I understand it will be put to use today!

Humberside may get development area aid

By Maurice Corina

The Department of Industry is urgently examining the case for granting development area status to Humberside. Last week, the Prime Minister and Mr. Varley, Secretary of State for Industry, met a number of local MPs to review the region's worsening problems, and Government action could now follow before the Grimsby by-election on April 28.

Such a move would be ironic, for it is 11 years since a previous Labour Government gave the go-ahead to the costly Humber Bridge during the campaign in the then critical North Hull by-election.

Mr. Callaghan and Mr. Varley have for some weeks been studying the case for providing full government incentives to parts of north and south Humberside, concentrating on the major port contribution of Hull and Grimsby. The local authorities have linked up with trade unions and MPs to persuade the

Government that action to help these areas is desperate, particularly because of the loss of fish trade.

Hull is particularly badly affected. Its quayside has ranged over the years from the closure of Imperial Typewriters to the receivership of the Drypool ship repairing business. Employers continue to cut back their work forces. On Friday, a local confectionery firm, Needlers, paid off 300 workers. Later this year the local Freightliner terminal is to shut down.

It is not unprecedented to grant development area status to particular areas. Several years ago, Merseyside was selected for special Government action. Mr. Varley may make an on-the-spot visit before reporting back to the Prime Minister and, if the case for aid is accepted, an announcement could follow swiftly. The need to end humiliation in the forthcoming Grimsby by-election, in the seat formerly held by Mr. Anthony Crosland, is much in ministers' minds.

Carter curb may swell UK shoe imports

By Our Commercial Editor

Fears are growing among Britain's footwear makers, of a protectionist measures in the wake of big rise in imports in the wake of the United States.

President Carter has set a deadline of the end of June to conclude "orderly" marketing arrangements with leading importers into the United States. Mainly involved are Taiwan and South Korea.

The British Footwear Manufacturers Federation fears this could mean about 100 million pairs a year being diverted mainly to the European market, with Britain as prime target.

This will inevitably strengthen demands in the industry for the federation to set quotas for all imports except those from the European Com-

munity and, perhaps, from countries in the European Free Trade Association.

British manufacturers are already alarmed at new figures, out yesterday, which show further penetration by foreign imports during the first two months of this year.

In January and February imports were 25.9 million pairs, a 24 per cent rise over the same months of last year.

payments over three years on the average car by 1976 the statutory maximum of two years for repayments, taken with the 80 per cent increase in the average cost of cars in this range in the intervening period, meant that he had to provide 31.2 per cent of his disposable income to repayments on such a purchase. Had he been permitted to spread his repayments over 36 instead of 24 months, 23.3 per cent of his disposable income would have gone on repayments.

Workers' co-op forum

A one-day conference has been arranged by the Department of Industry later this month to promote informal discussion on the establishment of workers' cooperatives and common ownership of businesses. Ministers will take part in the

discussions arranged against the background of the Industrial Common Ownership Act, 1976, introduced as a private member's Bill with Government support.

US steel pay rise

The most important United States wage dispute of 1977 has been settled with a contract that is bound to raise fears in America of mounting inflation. About 340,000 steel industry workers are to receive basic pay rises of 10 to 15 per cent over the next three years, plus fringe benefits likely to add at least 10 per cent a year to the industry's wages bill.

Pay chaos feared

Growing concern over the possible introduction of "kitty bargaining" in the next phase of pay policy is being expressed by employers in London and

Japan supports dollar as yen soars to three-year peak

The yen rose to its highest level for three years against the dollar on the Tokyo foreign exchange market yesterday, and the Bank of Japan bought an estimated \$70m to support the American currency.

It closed at 272.00 yen after falling at one point to 271.80, compared with 272.95 at Friday's close. Dealers attributed the fall to selling to foreign banks to be yen for South-east Asian centres, and by Japanese banks and trading companies anticipating further appreciation of the yen.

Call to ease car credit from finance houses

Another plea for an extension of the repayment period for motor cars bought on credit is made by Mr. Ronald Barnes, the chairman of the Finance Houses Association, in his annual statement, published today.



Mr. Ronald Barnes.

Figures assembled by the association during the year showed that whereas in 1973 the average car buyer required just under 19 per cent of his disposable income to meet the re-

payments over three years on the average car by 1976 the statutory maximum of two years for repayments, taken with the 80 per cent increase in the average cost of cars in this range in the intervening period, meant that he had to provide 31.2 per cent of his disposable income to repayments on such a purchase. Had he been permitted to spread his repayments over 36 instead of 24 months, 23.3 per cent of his disposable income would have gone on repayments.

Workers' co-op forum

A one-day conference has been arranged by the Department of Industry later this month to promote informal discussion on the establishment of workers' cooperatives and common ownership of businesses. Ministers will take part in the

discussions arranged against the background of the Industrial Common Ownership Act, 1976, introduced as a private member's Bill with Government support.

US steel pay rise

The most important United States wage dispute of 1977 has been settled with a contract that is bound to raise fears in America of mounting inflation. About 340,000 steel industry workers are to receive basic pay rises of 10 to 15 per cent over the next three years, plus fringe benefits likely to add at least 10 per cent a year to the industry's wages bill.

Pay chaos feared

Growing concern over the possible introduction of "kitty bargaining" in the next phase of pay policy is being expressed by employers in London and

the South-east, according to a report by the London Chamber of Commerce and Industry. The chamber says the proposal—to allow for a given percentage of the payroll increase to correct differentials—was superficially attractive but liable to abuse. Unless there could be clear agreement as to who qualified for differentials there could be a free-for-all.

EEC energy hope

Ton level discussions between the United States and the EEC on energy objectives are likely once the Carter administration has unveiled its own energy policy later this month. Hopes for closer cooperation between Europe and the United States have grown from a visit to America by Mr. Benn, the Secretary of State for Energy, and chairman of the EEC energy ministers.

US steel pay rise

The most important United States wage dispute of 1977 has been settled with a contract that is bound to raise fears in America of mounting inflation. About 340,000 steel industry workers are to receive basic pay rises of 10 to 15 per cent over the next three years, plus fringe benefits likely to add at least 10 per cent a year to the industry's wages bill.

Pay chaos feared

Growing concern over the possible introduction of "kitty bargaining" in the next phase of pay policy is being expressed by employers in London and

the South-east, according to a report by the London Chamber of Commerce and Industry. The chamber says the proposal—to allow for a given percentage of the payroll increase to correct differentials—was superficially attractive but liable to abuse. Unless there could be clear agreement as to who qualified for differentials there could be a free-for-all.

EEC energy hope

Ton level discussions between the United States and the EEC on energy objectives are likely once the Carter administration has unveiled its own energy policy later this month. Hopes for closer cooperation between Europe and the United States have grown from a visit to America by Mr. Benn, the Secretary of State for Energy, and chairman of the EEC energy ministers.

US steel pay rise

The most important United States wage dispute of 1977 has been settled with a contract that is bound to raise fears in America of mounting inflation. About 340,000 steel industry workers are to receive basic pay rises of 10 to 15 per cent over the next three years, plus fringe benefits likely to add at least 10 per cent a year to the industry's wages bill.

Pay chaos feared

Growing concern over the possible introduction of "kitty bargaining" in the next phase of pay policy is being expressed by employers in London and

On other pages

Business Diary 16
Financial Editor 16
Financial news 17
Business Letters 17

Bank Base Rates Table 18
Annual Statements: Church & Co 17
Jardine Japan 17
Provident Financial 16

Lending rate 9½ pc

The Bank of England's minimum lending rate was cut to 9½ per cent following the weekly treasury bill tender. The following are the results of Friday's Treasury Bill Tender:

| Applicants | £1,073m | Allotted | £200m |
|------------------|---------|----------|-------|
| Bills at 28.5175 | 277.87 | Received | 99.9 |
| At | | | |

BY THE FINANCIAL EDITOR

Defusing the gilt market

The Bank of England/Treasury money team have had a rough time of it coping with financial markets since the turn of the year, albeit that the battle they have been waging has been a very different one to that which they were fighting for much of last year.

Moreover, this year's struggle has been misconceived and unnecessary—not to mention only partly successful. But such reflections are hardly likely to have deterred the team from retreating for the Easter holiday with at least two grounds for satisfaction.

First, the launching of two partly paid gilts can be counted as something of a success, even if the massive response to the initial issue may not have been welcomed at the time. The outcome anyway is that the market has already committed itself to funding perhaps £750m-£800m of the Government's needs in the mid-April/mid-July quarter.

At the same time, the much smaller application for the second stock means that the authorities are also left with their first "cap" in the near end of the market—or in any part of the market for that matter—for almost three months.

The second reason for satisfaction must be the way in which the gilt market has turned easier over the past few days. Apart from cutting back the subscription to the new Exchange stock, the general feeling is that the market may encounter a sterling holding to switch out of their gilt holdings into the new foreign currency bonds on offer—these holders having been offered the facility of switching out of their gilts at April 1 prices.

That may perhaps be too simplistic a view of the kind of factors that may help to influence decisions. Many of the official overseas holders will in any case want to keep working balances in sterling, and others may now be much happier to keep investment funds in sterling as a longer-term proposition than they were, say, six months ago.

Even so, it is interesting to think that at the end of last year official overseas holdings of gilts totalled £1,100m, and that, in buying in at least part of this amount, the authorities could be left with a portfolio of mini put stocks covering a whole range of maturities. A further thought must be that if the authorities do prove successful in defusing these sterling balances, logic would seem to require further measures to prevent the accumulation of other, possibly more volatile, balances.

The FMC debacle

Borthwick's miscalculation

Time alone will tell if there is any advantage to FMC in the NFU Development Trust assuming full control although the links have been so unambitious over the past year or so that it cannot make much difference.

Even so, the Trust's 97p cash offer is more than double the price before all the bid talk blew up and is at a level which the prospective p/e ratio of around 8 and yield of 9.4 per cent on FMC's forecasts would be difficult to sustain on future prospects alone.

For its part, Borthwick has been left with as much egg on its face as after its flotation which the underwriters had to take up 98.7 per cent of the equity. Back in February I commented on the bid rumours by saying that "the chances of any potential bidder getting in on FMC are pretty remote".

It looks as though Borthwick completely misunderstood the Trust's entrenched position. Even when the Trust only held



Dr. Bill Bullen, chairman of Thomas Borthwick & Co. advanced corporation tax problem remains unresolved.

43 per cent Borthwick could never have succeeded in going over its head to the other shareholders, while not even the prospect of a handsome capital gain and chance of a substantial stake in the new enlarged grouping was enough for the Trust to part with its most valuable asset—a secure market-outlet for its members' produce.

Borthwick is not going to be able to find such a heaven-sent opportunity as enough for the Trust to part with its most valuable asset—a secure market-outlet for its members' produce.

Meanwhile, it would be no surprise if Borthwick itself attracted a bid.

Inflation accounting

Grinding to a halt?

With the exposure period for considering the proposed Current Cost Accounting system now more than two-thirds complete, the scale of disagreement which has emerged on the subject makes it virtually inconceivable that the ambitious time scale for introducing it can now be met. The question is whether, if it has to be pushed back, the chances of it finally being introduced are diminished.

The Mopex Committee suggested that the first companies should begin reporting CCA profits in their accounting periods after July 1, 1978. But although some accountants are still hoping it will be possible to reserve enough of Mopex's original proposals to come up with a definitive accounting standard in time, it seems more likely that revisions will have to be so extensive as to make a further exposure period inescapable.

On the other hand, there is general agreement. Most people talk in terms of simplification of Mopex (by which is meant some rewording and the stripping out of peripheral issues like leasing, deferred tax and so on). There is also a widespread demand for a tightening up on the discretionary element in the appropriation account. But there remains a fundamental problem over monetary items and over whether there should actually be an appropriation account.

The banks have put forward a vigorous case for inclusion of allowances for monetary items in the main body of the profit and loss account, and they have won broad backing from within the accountancy profession. The main obstacle lies in Whitehall, which is backing the general

concept of CCA, but is resisting the case for adjustments in the profit and loss account for monetary items and is resisting even more strongly the suggestion that a special case should be made for banks.

Whitehall's position may not be completely inflexible, but its present task of a "straight through" profit and loss account—effectively tacking on the appropriation account to the end of the profit and loss account—does not begin to meet the banks' arguments.

There remains the question of tax. It is true that a lot of companies are not actually paying any tax beyond the Advanced Corporation Tax associated with dividends, and a great many have nothing at all to fear under CCA. But in inland there is a strong desire to know precisely what the Inland Revenue's attitude towards taxing CCA profits is going to be.

The Revenue's view, on the other hand, appears to be that it will not be able to make its position clear until it knows exactly what CCA profits are going to look like. The debate is looking remarkably deadlocked.

Investment trusts

Radical thinking

Since the market continues to take a jaundiced view of investment trusts, it looks as though some of the more radical solutions to the problems of big discounts, earlier mooted but temporarily abandoned in the activity since the turn of the year, will have to be resurrected.

One of these is the idea that investment trusts should be permitted to buy their own shares, thereby reducing the capitalization of the sector. At the moment there are legal obstacles to such a course, relating mainly to the protection of creditors (of which investment trusts have relatively few).

But there are, some people within the industry feel, moral objections as well, in that any move to permit such action to investment trusts would give them a preferential status not accorded to other companies.

Nevertheless, the Association of Investment Trusts has a sub-committee now looking into the possibility, which is likely to be reporting to its members within six months or so. Other alternatives, more complex in their operation but possibly more dramatic in their impact, hinge on the question of whether a scheme to be hatched which would permit investment trust managements to pay off some of their shareholders at asset value while maintaining for those who remain in the company the advantages of the cheap capital which, in the case of Standard, for example, proved such a point of contention in the valuation of the bid. But it may take another such bid to bring these into the open.

Meanwhile, as the management of Standard Trust so vigorously asserted in their attempts to ward off their unwanted suitors, the British Rail Pension Funds, many of Standard's shareholders wanted to keep their money in managed funds, then the Stock Exchange funds, then the Stock Exchange account which opens today should see a fair amount of it coming back into the sector following the Prudential's successful last-minute counter-bid.

Given that the takeover has in any case reduced the overall capitalization of the investment trust sector by some £40m, such an inflow of funds should in theory have some impact on the discounts at which the shares of other investment trusts are standing to their net asset value.

Strict rules on petrol price advertising at garages and filling stations, backed up by legislation should be planned from the Department of Prices and Consumer Protection are implemented, and the misleading "10p off" signs that still persist in many parts of the country.

Clear signs showing exactly what the motorist will have to pay for his fuel, will not only take the gamble out of petrol buying but will also emphasize the large variations in prices. In areas not blessed by the influence of independent oil trading companies selling cut-price petrol, a gallon of four star, probably bought from one of the major international oil companies, is on average around 92p. Where the price cutters given to retailers on bulk sales from the oil companies plus a decision by the retailer to accept only a slender margin on each gallon sold. In exceptional circumstances such as hypermarkets or independent petrol stations, the differential could be as much as 15p a gallon.

Whether the 51p to 6p a gallon increase in tax and VAT remains after detailed parliamentary discussion of Mr. Healey's budget proposals, it is still open to question. Liberal objections to the higher duty are based on the hardship the increases are likely to bring in rural areas where public transport is so sparse that a car is essential.

While these rural motorists can still hope for some relief from tax, there is no likelihood that the large variations in petrol prices will disappear—at least not for several years. But the rural motorists are charging top prices for petrol. Many urban areas have not seen any real petrol bargains since the height of the countrywide

petrol price war in 1975-76. The best motorists in these areas can expect is a 1p to 2p a gallon discount given by the garage proprietor out of his own pocket margin.

Discounts in one form or another have been available to petrol retailers for nearly two years and they are producing changes in motorists' petrol buying habits. Small neighbourhood garages in towns that for years have relied on a faithful local trade, are now finding that their customers, particularly commuters by car, are filling up at cut-price garages on the major routes into conurbations.

Oil company surveys have also shown that motorists are often prepared to make quite long detours to find cut-price petrol—detours that sometimes cost more in petrol than the saving made at the discount pump.

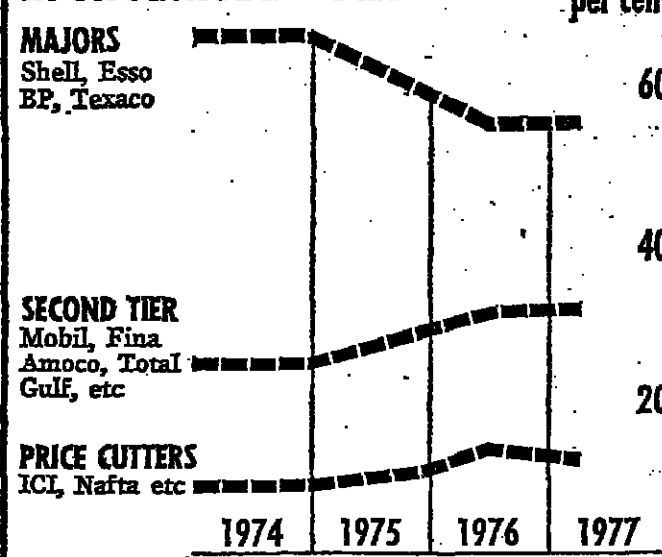
This changing pattern of petrol buying has resulted in more garages closing down in the large conurbations with the large and well equipped self-service stations gaining more and more of the market.

Many petrol retailers have hoped that the petrol price war would cease before too many of them went out of business. But the continued contraction of the industry has been ensured by the decision of the major oil companies not to allow their share of the petrol market to decline any further, and the only way they can do this is by continuing discount support for their retail outlets.

Petrol suppliers in the United Kingdom are now roughly divided into three categories. There are the major oil companies—Shell, Esso, BP, Amoco, and Texaco—throughout the country.

Behind them is a second tier of international groups such as Total, Elf, Fina, Amoco, Gulf, and others. These are relatively newcomers to the market and with a few exceptions tend to concentrate their operations in the large conurbations.

COMPANY SHARES IN UK PETROL MARKET



Finally, there are the price cutters such as ICI and Nafta which have grown to prominence by selling petrol produced as a byproduct of chemical works, as in the case of ICI, or by importing cheap petrol from abroad.

The major companies traditionally held about 65 per cent of the total United Kingdom market between them, but the slump in demand for all oil products throughout Europe after the 1973-74 supply crisis, changed the whole outlook of the market. Cheap petrol, surplus to requirements, was available from the Rotterdam spot market and United Kingdom refineries were also prepared to sell their own surplus petrol at substantial discounts to the second-tier companies and the price cutters simply to reduce their overall unit costs.

Throughout part of 1974 and most of 1975 the major companies saw the second tier and price cutters whittle away their market share. The big companies took the view that profit

ability was more important than market share and kept their prices to retailers high. But by the end of 1975 the growth of their competitors had so alarmed the companies that they began to give discounts to enable their own retail outlets to compete in the price war.

However, the companies learned one thing—their share of the market depends almost entirely on the prices they charge for petrol in areas where the competition is strongest. Shell discovered that when they stepped out of line with other petrol suppliers last summer and did not increase prices, their share of the market soared.

All the big companies have taken the decision that they

will hold on to the 55 per cent of the market they are in and attempt to push the sales back to the levels of a year ago. But the methods price support they are using achieve this objective are more sophisticated than the blanket discounts of early last year.

Only retail outlets that are under real competitive pressure qualify for assistance and although this help is limited to a few hundred, mostly high volume sites for each brand, the system of discounting is flexible and allows pump prices to come down to match those of the second tier companies and price cutters.

Although the big British refineries would like to curtail the petrol price war by chipping the second tier companies and price cutters more realistic prices for their surplus petrol, they always have the threat of imports from Europe at distress prices hanging over them. The only solution will be a return to overall balance between demand for oil products and available refining capacity.

At the moment European refineries have about 30 per cent of their capacity underutilized. Temporary surges in demand for petrol or other oil products increase the spot prices for petrol. In turn this persuades refineries who have closed down part of their capacity to reenter the market to make advantage of prices and better demand. In doing so the surplus of petrol is restored and prices are again depressed.

The oil companies see this cycle continuing until a balance is reached and this is unlikely to happen much before 1980, always providing that new refineries do not open in the meantime. And as long as there is a surplus of petrol in Europe, bargain priced fuel will be available in the United Kingdom.

Roger Vielvoys

Patricia Tisdall

Underwriting the air package holidaymaker

It is unfortunate that the costly new arrangements set up to protect holidaymakers after the Court Line failure should coincide with two of the worst trading years in the inclusive holiday industry has encountered.

The sums involved in the protection amount, at a rough estimate, to about £14m a year, or 3 to 3.4 per cent of sales—an amount which inevitably drains the business of much needed resources.

There are two overlapping protection schemes (three if the Association of British Travel Agents' arrangements are included) to protect inclusive holidaymakers.

Tour operators' contributions to the government's Air Travel Reserve fund which started in 1975 as second line of defence when the previous arrangements proved inadequate, already amount to more than £6m. By the end of this summer the fund is expected to have accumulated £15m.

The 2 per cent levy on sales which the tour operators pay to the fund is mostly passed directly on to the holidaymaker as an extra charge. However, in the present cost-conscious climate increased prices inhibit growth.

On top of this the bonds or guarantees which formed the basis of the earlier system continue to lock away an estimated £50m to £60m worth of industry assets each year. As well as having to bear the direct cost through insurance charges or lost interest, (depending on how the securi-

ties are provided) which are estimated to add 1 to 1.5 per cent to holiday prices, the tour operators are starved of working capital by the scheme.

The extent of the burden is regarded as excessive by the authorities who are attempting to ease it as quickly as they can.

The Civil Aviation Authority, which is responsible for both the bonding scheme and the rules under which payments from the fund are made, has said that it will reduce bonding levels from the previous minimum of 10 per cent of expected annual turnover to 7 per cent where it thinks there are adequate alternative safeguards.

Most of the big tour operators which belong to large and diversified parent groups have already benefited. Others will do so at the next round of licence renewals in April. Eventually the CAA hopes to bring the minimum bond levels down to 5 per cent.

The function of the bond, which is only called in if the tour operator goes bankrupt, is first, to repatriate holidaymakers who might be stranded abroad. Secondly, it should be sufficient to refund payments for holidays paid for but not taken.

In theory no other protection should be needed. But as

the Court Line affair proved, it is exceedingly difficult to cover all eventualities. Since then there have been other, minor, failures notably Intercontinental Holidays where bonds have also proved inadequate.

In scrutinizing accounts, the CAA takes as much care as it can to ensure that bonds are adequate. It is at present analysing failed operators to see if vulnerable firms cannot be spotted earlier, prior to being issued with licences. Even then, it is a hard decision whether to tip a company into possible premature liquidation by a refusal.

To give cast iron security, the CAA maintains that only a handful of the 350 or so companies which hold ATOL licences at present could survive the system. It argues that such a reduction by restricting competition would be disadvantageous to the consumers it was trying to protect.

A common fund built up from a levy which can be pooled to meet requirements is regarded as a better alternative. The question of how far the fund and the bonding system should overlap is being debated by experts within the industry. For on this hangs the answer to the limit on the size of the fund before levy contributions can be reduced or stopped altogether.

The report of its first year of operation published in February by the Air Travel Reserve Fund Agency and subsequent parliamentary statements show that the fund could be expected to grow by

between £6m and £9m a year at the present rate of levy contributions. Yet compensation made out of the fund to Court Line customers after the worst ever failure amounted to only £3m in the year to March, 1976.

Many people in the industry think that the £15m which the fund is expected to accumulate by the end of this year will be adequate.

However, some deficiencies were uncovered in the rules under which payments are made. For instance, there is confusion about compensation for holidaymakers who, although able to make their outward journey, incur extra expenses while abroad because of the collapse of the operator.

These and other difficulties are being discussed by Sir Kenneth Selby, chairman of the Air Travel Reserve Fund

Agency and the CAA. On the outcome of these discussions will depend the likely future level of claims on the fund and this in turn will influence the decision on when to reduce or stop levy payments.

Looking to the future, it may be considered anomalous that only air inclusive holidays are given government protection. Coach, rail, cruise and domestic holidays are not covered by the scheme although users get some security from the Association of British Travel Agents, the industry trade association.

Discussions on this and other more minor amendments are likely to last at least until the end of the summer. Consequently tour operators are not likely to be able to look to relief beyond the retention in bonding level to help them through a very difficult year.

SCOTTISH AMICABLE

LIFE ASSURANCE SOCIETY

NOTICE IS HEREBY GIVEN that the One Hundred and Fifty-first Annual General Meeting of the Members will be held at 130 St. Vincent Street, Glasgow, G2 5NQ on Wednesday, 13th April 1977 at 3.00 p.m.

By order of the Directors
W. PROUDFOOT
General Manager and Accountant

130 St. Vincent Street Glasgow G2 5NQ, 11th March 1977.

Business Diary: Washington's banker poets

Lyle Gramley, a new appointee to President Carter's Council of Economic Advisers (CEA), is caught in a poetic crossfire between an old and a new guard.

Gramley's appointment was confirmed by the Senate banking committee, but only after reservations had been expressed in verse by the chairman, Senator William Proxmire. This drew a counterblast from Dr. Arthur Burns, chairman of the Federal Reserve Board, where Gramley was head of research.

Proxmire opened up with a broadside entitled *Lyle Gramley Nomination, or, Is the CEA going to the doghouse?*

Let me state flatly: there's a little that's comic 'bout Carter's new counsel on economic things. Why? 'Cause the appointment of Lyle E. Gramley Comes straight from the bosom of Arthur Burns' family. Will this make the council King Arthur's seat? (For many a year Gramley sat at Burns' feet). And when he's through with the council, where will he go? Back to the Fed, where the word is: go slow. That means higher interest, fewer jobs, less housing. The economy will slumber when it needs arousing. Now, I like Gramley. He has experience and professional capacity. But we need an economist who will act with audacity, imagination, daring, vigour and verve.

To put production back on an upward curve. The Carter plan calls for full-steam-ahead. While Burns would go slow, take it easy, play dead. Gramley is Burns' man—he comes from the Fed.

One thing the Gramley appointment makes sure. The policies of King Arthur Burns will endure. Tho' he and the knights of the Fed Round Table Care too little for jobs—but prices gotta be stable. Thus does King Arthur expand his domain. With the White House Council but a link in the chain.

In the chairman's quest for the Holy Grail In the land where tight money and unemployment prevail On this nomination, then, how does Burns do I vote? Despite my misgivings, Gramley's an economist of note. Selected by Schultz, by Carter supported. He has pledged the recovery shall not be aborted. So with some reluctance here's a hesitant vote. But on the council the Senate must keep a sceptical eye.

Dr Burns, riposted with An ode to Lyle. We know one thing for sure about Lyle. To say 'Burns' Man' does not make him smile. He's a force independent in battle, resplendent. A man of distinction and style. Let Burns—or Proxmire—have the last word: Misgivings like these are absurd.

Where are they now?

An occasional series in which tabs are kept on names that once made the news...

Lord Stokes disappeared from the headlines when he lost his job as chairman of British Leyland in the Government-backed reorganisation two years ago. But the architect of the merger which gave rise to BL in 1968 is far from idle.

Many men of 63 would have been content to accept the largely honorary title of the President of BL, and spend their time enjoying the good things of life—particularly if, like Lord Stokes, they had a luxury motor cruiser based at Poole, Dorset, and many friends to share it with.

But not Donald Stokes. Working from an office in Leyland, packing a bag and rushing off to foreign climes. Friends say that with one transatlantic trip under his belt, and probably more to come, he is keen on making this a market survey which leads to results.

In case he should be left with time on his hands he has accepted the chairmanship of the British Arabian Advisory Company, which is jointly financed by the National Research Development Corporation and the Saudi Arabian Investment Company.

It was not surprising, therefore, that when GEC's Sir Arnold Weinstein stepped in to sort out the problems of the



Meriden Motor Cycle Cooperative, he should turn to Lord Stokes for advice on Meriden's most promising market—the United States.

It was quite like old times. Packing a bag and rushing off to foreign climes. Friends say that with one transatlantic trip under his belt, and probably more to come, he is keen on making this a market survey which leads to results.

In case he should be left with time on his hands he has accepted the chairmanship of the British Arabian Advisory Company, which is jointly financed by the National Research Development Corporation and the Saudi Arabian Investment Company.

It was not surprising, therefore, that when GEC's Sir Arnold Weinstein stepped in to sort out the problems of the

failure of trade unions and employers to agree new collective wage agreements earlier this year the country is being racked by a spate of strikes of such intensity and variety that makes Britain's record positively glow.

So regular and widespread have the strikes become that Finnish newspapers are now providing their readers with strike diaries. Apart from city dwellers in Helsinki, many households throughout the country have been forced to bring out the candles to cope with electricity cuts caused by striking power station technicians.

Pickets are staked outside many travel agencies and virtually the entire leather and footwear industry is at a standstill. Telephone engineers and salaried staff employed by football pools companies are among others out on strike.

Show artists, caretakers, cleaners and icebreaker crews are among those expected to strike before the end of this month and over the next 10 days a further series of stoppages is planned.

Anyone planning a visit should make sure they are back in London before the weekend. From Saturday, April 16, ground technicians employed by Finnair are due to start a two week strike and two days later 110,000 metal and engineering industry workers will down tools.

Any unsuspecting visitor who finds himself stranded because of the Finnish stoppage should not expect to find police in his hotel. On April 21, hotel and restaurant staffs also strike.

PROVIDENT FINANCIAL GROUP

“Turnover increased during 1976, trading profit improved by 59% compared with the previous year and the balance sheet shows a reassuring improvement in the Company's financial strength.”

Throughout the year we continued to maintain our policy of writing more of our business in small amounts over short periods, with the result that we have kept well within the facilities available.

These good results were produced by effective management at all levels coupled with sustained effort by all our agents and staff.”

Chelmer, Chairman

| | 1976 | 1975 |
|-------------------|-------------------|-------------------|
| Group profit | £7,295,000 | £4,584,000 |
| Ordinary Dividend | 4.3631p per share | 3.9665p per share |
| Turnover | £152,235,000 | £137,104,000 |

Copies of the Report & Accounts & the Chairman's statement may be obtained from the Secretary.



Principal operating companies:
Provident Personal Credit Limited, The People's Bank Limited, Paybonds Limited, Practical Credit Services, Provident Management Services Limited.
Provident Financial Group Limited.
Head Office: Colonnades, Bradford BD1 2LQ, West Yorkshire.

مكتبات الامارات

LETTERS TO THE EDITOR

Restrictions on the workings of ACAS

Mr P. M. Elton
In Mortimer's letter of 4 March, he stresses the importance of the independence of ACAS. However, what he does not say is that the Act of 1971, which placed ACAS in its role.

Section 1 (2) of the Employment Protection Act, which is the section of the Act setting up ACAS, says "The service shall be charged with the general duty of promoting the improvement of industrial relations, and in particular of encouraging the extension of collective bargaining and the development of... collective bargaining machinery."

Therefore, any employer involved in any trade union recognition dispute in which ACAS becomes involved, could hardly expect to receive advice which is calculated to "encourage" the extension of collective bargaining. After all, that is what Parliament has asked them to do!

Yours faithfully,
P. M. Elton
Group Industrial Relations Manager,
The Calor Group Limited,
Calor House,
Windsor Road,
Slough SL1 2EQ.
April 5.

From Mr Paul Nicolson
Sir, Mr J. E. Mortimer (April 4), chairman of ACAS, states that ACAS is not a government department but an independent organization created to help employers and trade unions in industrial relations difficulties. Schedule 1 of the Employment Protection Act 1975 states that "the functions of

The 12% surge of inflation

From Mr R. C. Bainbridge
Sir, Yesterday the Government published a new Bill to restrain prices after current legislation expires on July 31. My bill for water rates 1977-78 arrived yesterday and for the fifth year running the amount has been increased, this time by 12 per cent.

A hand printed note from the divisional manager of the Thames Water Authority informs me that "the increase is broadly consistent with and is accounted for by the trend of cost inflation since the present

Index-linked quasi-state pensions

From Mr E. T. C. Vincent
Sir, Now that the indexing of Civil Service pensions is being recommended, it would be instructive to know which quasi-government organizations have thought it necessary to index-link the pensions of their family employees, and by how much their prices or charges

Nube and staff associations in clearing banks

From Mr Wilfred Aspinall
Sir, With reference to the article by Christopher Thomas on April 5, relating to Nube seeking employee directors in banks, I feel that comment must be made by my union.

The Council of Bank Staff Associations is the majority trade union representing the staff in the English clearing banks; our members total 85,000, whereas Nube can only claim 57,000 members in the same sector. It is therefore quite incoherent that Mr Mills can make his statement in your newspaper insinuating that the banking industry has been bedevilled by divided staff representation and that there is a problem with the staff associations—by dint of membership it is the other way around.

Referring to the criteria of independence, Mr Mills is living in "cuckoo land", if he thinks the union of staff CBA can be divorced from receiving a certificate of independence under the Employment Protection Act. Nube may be critical, but this is an attempt to try and save its finances and reduce membership. In this it will fail.

On the subject of employee directors, the staff associations are debating implementation plans at their coming conferences. The CBA has already stated that we are in favour of employee directors, but wish to see a structure developing from the grass roots membership and not a system which allows trade unions the power to exert nomination undemocratically.

Yours faithfully,
WILFRED ASPINALL,
General Secretary,
Council of Bank Staff Associations,
25 John Street,
London, W1C.
April 5.

Unwanted news

From Mr R. F. D. Reed
Sir, With my latest telephone bill I have received two copies of the new publication *Telephone News*. The GPO tells us that the cost is just over 1p per customer.

The action of the GPO is akin to that of senders of unsolicited goods who then attempt to extort charges.

I have returned their news leaflet and deducted 2p off my bill. Customers will see higher telephone bills, not higher costs due to unsolicited activities.

Yours faithfully,
R. F. D. REED,
30 Chelsea Towers,
Chelsea Manor Gardens,
London, SW3 5PN.
April 1.

FINANCIAL NEWS

Government's change of heart cheers Property Federation

By John Brennan
A note of cautious optimism has been creeping into statements by the British Property Federation lately. The Federation's usually doom-laden warnings about Government hostility towards the industry have melted, in line with the Government's more receptive approach to criticism of its property legislation. In his statement accompanying the Federation's 1976 report Sir Richard Thompson, who retired as President at the annual meeting on May 3, sees signs of a revival in the industry's fortunes.

Man Garages starts in good style

The first two months at Manchester Garages have brought better profits than a year ago, but R. A. Stoodley, the chairman, says that the results for the rest of the year may prove to be more difficult than the trading point of view. However, this Ford main dealer is used to such conditions and should be well equipped to deal with marketing problems which may occur in the short term.

Given that the benefits of North Sea oil are reflected in the spending power of the consumer, the group should have an "excellent future potential".

Lonrho-Suits
At the request of Scottish & Universal Investments, the Takeover Panel has reviewed the circumstances of the recent sale to Lonrho of 746 million shares in Suits at 95p each—24 per cent of the equity—by Sir Hugh Fraser, his family and family trusts. The panel has concluded that no obligation under the code to extend an offer for the balance on the same terms arises from the transaction.

Provident Financial
Lord Chelmer, chairman of Provident Financial Group, said that should the Chancellor's tax proposals become part of the Finance Act, 1977, the company should be able to increase its total ordinary dividend for 1976 by a further 0.0888p a share, without contravening the restraint guidelines.

The board will consider paying the year to January 2.

satisfaction was the clear recognition by the Government earlier in 1975 that control of commercial rents was a policy fraught with disaster and that... no matter how unpopular the property industry might still be in official circles, a healthy property market was vitally important to the economy of the nation. Sir Richard notes that in the event the effects of inflation and the "staggering" increase in interest rates "combined to exacerbate all the problems which the industry had seemed to be getting under control".

Vosper may look abroad after 'N-day'

Now that the nationalization of part of the group's business is certain, Sir David Brown, chairman of Vosper Thornycroft Ltd, says that the group's future may well be mostly overseas. His annual report says that it may build up its interests in Singapore, and on the Continent, but until the board has the amount and timing of compensation which the group will be receiving from the Government, it is extremely difficult to make any firm plans.

On March 15, the board transferred the shipbuilding business to Vosper Thornycroft (U.K.) and the shipbuilding to Vosper Shipbuilders. The reorganization is designed to "avoid the risk of the whole group being swept into the nationalization net". Also, the group's name is to revert to Vosper Ltd.

Deal delayed at Globe & Phoenix
Mr Fraser Bird, chairman of both Globe and Phoenix Gold Mining and Phoenix Mining and Finance, says in a letter to shareholders that he will propose an adjournment to May 9 of Thursday's meeting called to consider a merger of the two companies.

Rockware deal
Rockware Group has purchased Stralco Plastics, a plastics container maker based in Norwich. The consideration of £515,000 has been satisfied by the payment of £382,000 in cash and by the issue of 140,000 ordinary shares of Rockware credited fully paid. The new ordinary shares being issued will receive the recommended final dividend to be paid for the year to January 2.

make up the mass of the Federation's membership can take some cheer from Sir Richard's statement. He writes that "At long last the Government recognizes that its own legislation has failed. Far from easing the housing shortage and helping the homeless, it has dried up the supply of flats and bedsteads for private rent and is driving thousands of prospective, willing tenants into squatters..."

Brittain's turnover up but dividend is cut

Turnover for 1976 of Brittain's, fine papermakers, rose slightly from £23.1m to £27.2m. But pre-tax profit dropped from £780,000 to £417,000 and the final dividend is cut from 65p to 4.5p. Mr R. Latchford, chairman, states that the recession in 1975 persisted for most of 1976. Extraordinary items included close costs and redundancies amounting to £314,000.

ALCAN AUSTRALIA
Board issuing \$25m of 8½ per cent bonds 1989 at a price of 100½ per cent. Bonds have been offered through a syndicate managed by Swiss Bank Corp.

THURGOOD BARDELL
Chairman says that first quarter's trading in 1977 confirms continued improvement in sales and profits, which have resulted from re-equipment. He expects a "substantially" improved first half-year.

R. CARTWRIGHT
Chairman says that increased momentum in demand for co's products has been maintained in early months of current year, and most co's in group are under considerable pressure to keep up with demand.

HAT GROUP
Group has acquired a chain of specialist glasses and glass businesses in London and the Home Counties for about £100,000 cash.

MARTIN FORD
Chairman says turnover levels for first quarter of current year have shown substantial increases, which will help company to achieve a "marked improvement" in results for the year.

SIDRAW INDUSTRIES
Board and Scott and Robertson have agreed sale to Sidraw of the Sidraw Co. Ltd, G. C. Taylor and Sons (Sidraw), for £25,000.

G. INGHAM AND CO (HLDGS)
Turnover £1.25m (£527,000) for 1976.

Business appointments
Esso chief to head UK advice panel
Dr A. W. Pearce has been made chairman of the United Kingdom Petroleum Industry Advisory Committee. He is also chairman and chief executive of Esso Petroleum.

Mr P. D. Pettman, Mr S. G. Raggan and Mr J. P. Miller have been appointed members of the Board of Esso Petroleum. Mr K. F. Faulkner, Mr R. E. Fisk and Mr J. A. Shuffie have joined the board of High Duty Alloys.

Mr Joseph Blinde has been made non-executive director of EKA. Mr Clifford Archer has joined the board of John Walker & Sons. Mr Jeremy Grindle, managing director of Stewart Supermarkets Ltd, has been made a non-executive director of Fina Fare. Mr David Woodward, company secretary, joins the main board.

Babcock, RTZ, Assoc Biscuits and Glynwed

TODAY
Interim: Equity Income Tst. Finals: Chanel Islands International Inv Tst, Cohen Bros (Elect), John Finlan and Taylor Fallister.

Results this week

WEDNESDAY
Interim: Burnende Inv, North Atlantic Seas Corp, and Wade Potteries. Finals: A. G. Stanley Hlgs, Armitage Bros, Babcock & Wilcox, Blackwood Hodge, Horace Corp, J. J. Dewar, Dickinson Robinson, Edinburg Inv Tst, Farm Feed Hlgs, E. Fogarty, Glynwed, Great Northern Telegraph, Henry Boot & Sons, J. Jerome and Sons, London & Provincial Foster, Modern Engineers of Bristol (Hlgs), Watts Blake Beane, Weeks Associates and Wilnot Breedon.

THURSDAY
Interim: Dowding & Mills, Wm Jacks, M. P. Kent, Linread, Pahang Consolidated, Photo-Me

Interim: Coronation Syndicate, Kwik Save, MTD (Mangula), and Tweekfontein United Collieries. Finals: Brown Boveri Kent, Geo Kent, Lowland Inv, Morgan Crucible, and Senior Eng.

1976. Pre-tax loss £23,000 (less £3,000). Earnings a share, 0.14p (0.17p) and dividend 0.95p gross (0.38p).

W. N. SHARPE
Chairman, in his annual statement, says that current year's trading has begun very well with order books of both parent and subsidiaries at much more satisfactory levels than a year ago. Prospects for 1977 are good.

Briefly
WATMOUGHES (HLDGS)
Reinvestment benefits are coming through, and further period of sustained growth is seen by joint chairman.

LEONARD FAIRCLOUGH
Group has entered 1977 with a good work load in UK at prices to which it can work. Careful cash conservation continues.

GEORGE SPENCER GP
All companies started current year well, and first quarter sales show a satisfactory increase. Continued good trading is looked for.

DONALD MACPHERSON
Chairman told annual meeting, shareholders can expect a further increase in profits and earnings a share in current year.

KENT (FMS) TIN
Revenue from tin ore sales for 1976, £1.08m (£1.11m). Pre-tax profit up from £106,000 to £183,000.

TOMATIN DISTILLERS
Board expects current year's profits to be higher than previous year.

BATU MATANG
Bid from LVC Securities extended until April 15. LVC has nearly 35 per cent of votes.

Briefly

WATMOUGHES (HLDGS)
Reinvestment benefits are coming through, and further period of sustained growth is seen by joint chairman.

LEONARD FAIRCLOUGH
Group has entered 1977 with a good work load in UK at prices to which it can work. Careful cash conservation continues.

GEORGE SPENCER GP
All companies started current year well, and first quarter sales show a satisfactory increase. Continued good trading is looked for.

DONALD MACPHERSON
Chairman told annual meeting, shareholders can expect a further increase in profits and earnings a share in current year.

KENT (FMS) TIN
Revenue from tin ore sales for 1976, £1.08m (£1.11m). Pre-tax profit up from £106,000 to £183,000.

TOMATIN DISTILLERS
Board expects current year's profits to be higher than previous year.

BATU MATANG
Bid from LVC Securities extended until April 15. LVC has nearly 35 per cent of votes.

SCOTTISH PROVIDENT

NOTICE IS HEREBY GIVEN that the 139th Annual General Meeting of the members of The Scottish Provident Institution will be held at the Head Office, 6 St. Andrew Square, Edinburgh, EH2 2YA on Tuesday, the 26th day of April 1977 at 2.15 p.m. to consider ordinary business and also to consider and, if thought fit, to pass Special Resolutions for the alteration of the Regulations of the Institution.

NOTICE IS ALSO HEREBY GIVEN that, if the Special Resolutions are passed by the requisite majority at the said Meeting, an Extraordinary General Meeting of the members of the Institution will be held at the Head Office on Tuesday, the 24th day of May 1977 at 2.30 p.m. to consider and, if thought fit, to confirm the said Special Resolutions.

The general purport of the proposed alterations to the Regulations is given in the Notes appended hereto.

A copy of the proposed alterations can be inspected by any member at the Head Office or a copy will be given to any member on request.

Copies of the Report and Accounts are available from this address.

By Order of the Board
J. M. MACHARG
General Manager and Actuary

6 St. Andrew Square,
Edinburgh, EH2 2YA
12th April 1977

- NOTES
- To reduce the quorum for general meetings from 21 members present in person to 10 members present in person.
 - To enable members to vote at general meetings not only in person (as at present) but also, on a poll, by proxy.
 - To alter Regulation 30 so that the calling of a general meeting shall be in the week ending 15 clear days before the meeting and in the previous week instead of in the week ending on the day before the meeting and in the previous week.
 - To add a new Regulation providing that no person (other than a retiring director or a person recommended by the directors) shall be eligible for election as a director at any annual general meeting unless due notice, as stated, shall be given to the Secretary together with a written consent by the person; and providing an age limit of 70 years for directors other than certain existing directors.
 - To improve the wording of Regulation 47(2) relating to the fixing by a general meeting of the remuneration of the directors.
 - To add to Regulation 47(3) a provision enabling the expenses of a director in attending meetings or incurred in the business of the Institution to be paid (apart from remuneration for extra services as at present).

Europa

Proportion of unemployed women is increasing

In the 12 months to February this year the number of unemployed women and girls in the nine EEC countries increased by 250,000, while the number of unemployed males fell by 64,000.

In other respects there are big differences between the countries. The proportion of females among the unemployed varies from about a quarter in the United Kingdom to more than half in France. Total unemployment fell in Germany and Holland, yet rose elsewhere. But in every country, according to EEC figures, the proportion of unemployed women rose.

The present proportion of 39 per cent females in the Community's unemployed, compared with 36 per cent a year ago, is the highest since the recession began. It has grown from about 33 per cent in February, 1974, but this year's jump is the biggest yet.

Women appear to be slower to feel the effects of a recession, but also slower to benefit when the tide turns. Probably a main reason for this is that so many of them are employed in the services, where employment is less quickly sensitive to economic change than in production industries. The Organization for Economic Co-operation and Development (OECD) have recently published a survey covering 16 countries (The 1974-1975 Recession and the Employment of Women) which suggests that their employment opportunities were less seriously affected than those of men during the first part of the recession.

The authors of the study found that there was a decline

COMPARISON OF MALE AND FEMALE UNEMPLOYMENT

| Country | Sex | Numbers, 1 Feb. 1977 (Thousands) | Increase or decrease in year (Thousands) | Percentage of total unemployed, Feb. 1976 | Percentage of total unemployed, Feb. 1977 |
|---------|---------|----------------------------------|--|---|---|
| Germany | Males | 678.3 | +134.3 | 60 | 57 |
| | Females | 537.4 | +1.3 | 40 | 43 |
| France | Males | 494.7 | +7.1 | 50 | 47 |
| | Females | 580.3 | 69.0 | 50 | 53 |
| Italy | Males | 806.9 | +38.0 | 83 | 82 |
| | Females | 493.5 | +45.5 | 37 | 38 |
| UK | Males | 1,055.5 | +40.9 | 78 | 74 |
| | Females | 366.3 | +76.5 | 22 | 26 |
| EEC | Males | 3,514 | +64 | 64 | 61 |
| | Females | 2,258 | +250 | 36 | 39 |

in the number of men employed in 12 of the countries, while women's employment declined in only five: Austria, Italy, Norway, Sweden, the United Kingdom and the United States. Women's employment increased in the other countries, except for France and Japan, where the fall in the employment of women was less than that for men.

Simultaneous maintenance of employment and increase in unemployment shows that more women were coming into the labour force. The long-term trend is for the number of women workers to grow and the trend was not halted in the early part of the recession.

There may have been other causes. The pressure of inflation drives more married women to seek work in an attempt to maintain the family standard of living and, while equal pay and anti-discrimination measures have made female labour less cheap than

it was, it still costs a lot less than that of men.

But as time went on, many of those who came back must have lost their jobs under the last-in, first-out principle, while employers would hold on to trained and experienced men for as long as they could. And as the beginnings of recovery began to show themselves, production industries are quick to rebuild and expand their forces. An example of this is the dramatic fall in male unemployment in Germany in the past year. There has been a similar fall, on a smaller scale, in Holland.

Detailed statistics are not sufficiently widely available to give the whole picture, and comparisons between countries are distorted by different systems of producing the figures, but the broad trends are clear in the accompanying tables.

Eric Wigham

Arab Wings recently took the chairman and chief executive of an American natural gas company from Dharan to Riyadh for a crucial appointment with an Arab minister.

Arab Wings was there again two days later and, after a short stop in Jeddah, he was on his way to Paris to complete his business appointments.

To reserve your Arab Wings Learjet 35/36 aircraft, telex 1608 ALIA JO or contact any office of ALIA, The Royal Jordanian Airline.

arab wings
THE MIDDLE EAST'S BUSINESS JET CHARTER SERVICE

Church
(Manufacturers and retailers of quality shoes)

1977 has started well and we look forward to another good year

reports Ian B Church, chairman

- For the year to 31 December 1976 sales rose 22.7% and pretax profits 51.9% to record levels.
- A Jones and Sons—the main retail company—exceeded £1 million profits for the first time.
- Exports rose 50% to £2.97 million. In US and Europe business continued to show good growth.

| Comparative results | 1976 | 1975 |
|---------------------|---------|---------|
| Sales | £18.88m | £13.77m |
| Pretax profit | £1.96m | £1.23m |
| Earnings per share | 20.5p | 13.4p |
| Dividend per share | 3.02p | 2.75p |

Copies of the Report and Accounts can be obtained from the Secretary, Church & Co Ltd, 51, James, Northampton NN1 5JS

Jardine Japan Investment Trust Limited

Points from the Statement of the Chairman, Mr. Henry Keswick

Net revenue for the year to 31st December 1976, after provision for taxation, amounted to £71,280 (£74,712 for 1975) and a dividend of 0.70p per share (0.55p plus a special distribution of 0.25p for 1974) is being recommended.

The revival of the Japanese stock market continued strongly into 1976 supported by a steep recovery in corporate profits and liquidity and the Tokyo Stock Exchange First Section Index rose by 19% to 383.9. In sterling terms, the Company's net asset value per share increased by 40.7% from 136p to 190p. This improvement is, however, not directly comparable with the index movement since the Company benefited from the impact of the appreciation of the Yen against sterling upon assets financed through the investment currency premium, although this gain was partially offset by a considerable fall in the premium itself.

Nevertheless, as in 1975, the Company managed to outperform the index having remained fully invested throughout most of the year in a wide range of companies with good prospects for earnings growth. Despite a less encouraging outlook for corporate profits, the Board consider that selective investment should continue to be rewarded as the merits of growth stocks become more widely appreciated within Japan. In the longer term, we have no reason to alter our consistently held view that real growth in Japan, whilst slower than hitherto, will remain well above average compared to other developed industrial countries and that investment there will continue to be attractive to Shareholders.

Copies of the Report and Accounts are available from The Secretary of the Company at 3 Lombard Street, London, EC3N 3AQ.

Capitalization and week's change

\$ Forward bargains are permitted on two previous days.

(Current market price multiplied by the number of shares in issue for the stock quoted)

هكذا من الأحرار

For Really Discerning Drinkers

HIGH & DRY
Really Dry Gin

[illegible]

